UNITED NATIONS RELIEF AND WORKS AGENCY
FOR PALESTINE REFUGEES IN THE NEAR EAST

FINANCIAL REPORT
and
AUDITED FINANCIAL STATEMENTS
for the year ended 31 December 1989
and
REPORT OF THE BOARD OF AUDITORS

GENERAL ASSEMBLY

OFFICIAL RECORDS: FORTY-FIFTH SESSION

SUPPLEMENT No. 5C (A/45/5/Add.3)

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CONTENTS

		Page
LETTERS OF TRANSMITTAL		vi
I.	FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 1989	1
II.	REPORT OF THE BOARD OF AUDITORS	5
III.	AUDIT OPINION	28
IV.	CERTIFICATION OF THE FINANCIAL STATEMENTS	29
V.	FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1989	31
	ALL FUNDS	
	Statement I. Budget and expenditure for the year ended 31 December 1989	32
	Statement II. Income and expenditure for the year ended 31 December 1989	35
	Statement III. Assets and liabilities as at 31 December 1989	36
	GENERAL FUND	
	Statement IV. Income and expenditure for the year ended 31 December 1989	37
	Statement V. Assets and liabilities as at 31 December 1989	38
	Statement VI. Working capital (operating reserve) for the year ended 31 December 1989	39
	Schedule 1 Expenditure for the year ended 31 December 1989	40
	Schedule 2 Report on cash contributions as at 31 December 1989	44
	Schedule 3 Report on in-kind contributions as at 31 December 1989	49
	Schedule 4 Miscellaneous income for the year ended 31 December 1989	53
	Schedule 5 Adjustments to prior years' income and expenditure for the year ended 31 December 1989	54
	Schedule 6 Production and sales for the year ended 31 December 1989	55

READEX FICHE

CONTENTS (continued)

		Page
PROJECT FUNDS		
Statement VII.	Income and expenditure for the year ended 31 December 1989	56
Statement VIII.	Assets and liabilities as at 31 December 1989	60
Schedule 7	Report on cash contributions as at 31 December 1989	65
Schedule 8	Report on in-kind contributions as at 31 December 1989	70
LEBANON EMERGENCY FUND		
Statement IX.	Income and expenditure for the year ended 31 December 1989	71
Statement X.	Assets and liabilities as at 31 December 1989	72
Statement XI.	All funds: income and expenditure for the year ended 31 December 1989	73
Statement XII.	All funds: assets and liabilities as at 31 December 1989	74
Schedule 9	Report on cash contributions as at 31 December 1989	75
Schedule 10	Report on in-kind contributions as at 31 December 1989	76
EXTRAORDINARY MEASURES IN THE OCCUPIED TERRITORY		
Statement XIII.	Income and expenditure for the year ended 31 December 1989	77
Statement XIV.	Assets and liabilities as at 31 December 1989	78
Statement XV.	All funds: income and expenditure for the year ended 31 December 1989	79
Statement XVI.	All funds: assets and liabilities as at 31 December 1989	80
Schedule 11	Report on cash contributions as at 31 December 1989	81
Schedule 12	Report on in-kind contributions as at 31 December 1989	84

CONTENTS (continued)

Page

EXPANDED PROGRAMME OF ASSISTANCE

Statement XVII. Income and expenditure for the year ended 31 December 1989 87

Statement XVIII. Assets and liabilities as at 31 December 1989 89

Schedule 13 Report on cash contributions as at 31 December 1989 . 91

AREA STAFF PROVIDENT FUND

Statement XIX. Income distribution account for the year ended 31 December 1989 93

Statement XX. Unallocated surplus account for the year ended 31 December 1989 94

Statement XXI. Assets and liabilities as at 31 December 1989 95

Schedule 14 Investments and investment income for the year ended 31 December 1989 97

Annex. Notes to the financial statements 99

25 June 1990

Sir,

I have the honour to transmit to you the financial statements of the United Nations Relief and Works Agency for Palestine Refugees in the Near East for the Financial period ended 31 December 1989, which were submitted by the Commissioner-General. These statements have been examined and include the audit opinion of the Board of Auditors.

In addition, I have the honour to present the report of the Board of Auditors with respect to the above accounts.

Accept, Sir, the assurances of my highest consideration.

(Signed) O. T. PREMPEH
Auditor-General of Ghana
and Chairman
United Nations Board of Auditors

The President of the General Assembly
of the United Nations
New York, N.Y.

30 March 1990

Sir,

Pursuant to financial regulation 12.1, I have the honour to submit the accounts of the United Nations Relief and Works Agency for Palestine Refugees in the Near East for the year ended 31 December 1989, which I hereby approve. The financial statements have been prepared and certified as correct by the Comptroller.

Accept, Sir, the assurances of my highest consideration.

(Signed) William EAGLETON
Deputy Commissioner-General

The Chairman of the Board of Auditors
United Nations
New York

I. FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 1989

Operations

1. The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) provides education, health and relief services to over two million Palestine refugees in five areas in the Near East. These areas are Lebanon, the Syrian Arab Republic, Jordan, the West Bank and Gaza. Its headquarters is at Vienna. The part of headquarters that is located at Amman was in 1989 renamed the UNRWA Technical Support Office.

2. In 1989, a total of 351,136 Palestine refugee children were enrolled in the Agency's 628 elementary and preparatory schools served by a teaching force of 10,435 teachers. An additional 63,354 pupils attended government and private schools at these two levels. During the school year 1988/89, vocational, technical and pre-service teacher training was provided in five of the eight training centres, with a total enrolment of 4,192 trainees and 340 instructors. The other three centres, located in the West Bank, were closed under Israeli military orders. Those centres provided 1,500 training places with 96 instructors. In addition, the Institute of Education provided in-service training courses for 881 teachers through the Education Development Centres in each field. At the university level, 453 scholars benefited from the Agency's scholarship programme. Total expenditure in 1989 on the education programme amounted to $112.3 million, against a budget of $129.5 million, representing about 50 per cent of the Agency's total regular and capital and special projects budgets.

3. The health programme covers curative and preventive medical services, which are provided through 104 health clinics. In 1989, 3,812,399 visits were paid to these clinics by refugee patients for medical consultations. Hospitalization is provided at heavily subsidized rates in 37 hospitals with which the Agency has special agreements. In 1989, the number of bed days utilized by refugees in these hospitals amounted to 231,220. Sanitation services are also part of the health programme and so is the Supplementary Feeding Programme, through which pre-school and school children receive a full midday meal six days a week. In 1989, about 35,300 beneficiaries received such meals, which were served in 98 supplementary feeding centres. Efforts are now intensified in order to reach all those children which are in need of the service. Total expenditure in 1989 on the health programme amounted to $46.4 million, against a budget of $52.8 million, representing about 21 per cent of the Agency's total regular and capital and special projects budgets.

4. The Agency's relief and social services provide socio-economic support for the most disadvantaged of the Palestine refugees and facilitate their self-reliance. By the end of 1989, 34,344 families, representing some 7 per cent of the registered refugee population, were receiving special hardship cases assistance, consisting of food, clothing, blankets, repair of shelters, selective cash grants in extreme distress, preferential access to vocational and teacher training and small grants to establish self-support projects. The social services comprise casework, income-generating programmes and related skill-training, women's programmes, the community-based rehabilitation of the disabled and projects to develop community facilities. These services are open to all eligible refugees. Total expenditure in 1989 on the relief and social services programme amounted to $28.3 million against a budget of $31.8 million, representing about 12 per cent of the Agency's total regular and capital and special projects budgets.

5. In support of the three substantive programmes described above the Agency provides supply and transport, architectural and engineering and administrative services which altogether accounted for the remaining 17 per cent of the Agency's total regular and capital and special projects budgets.

6. Reacting to the severely deteriorating conditions in Lebanon due to the camp wars and the general civil unrest throughout the whole country, the Commissioner-General launched an appeal in February 1987 for additional resources to alleviate the suffering among the Palestine refugees living in Lebanon. In response to that initiative, UNRWA received almost $15 million in 1987, $1.4 million in 1988 and $3.9 million in 1989. Of those funds, $8.3 million was spent in 1987 and $5.9 million in 1988. In 1989, the Agency spent the remaining part of the funds received and, in addition thereto, $3 million, which had to be reallocated from the General Fund, partly to cover the costs associated with the relocation of the Field Office from Beirut to Siblin. This move was necessitated by the deteriorating security situation in Beirut. About $5 million was spent on providing food commodities and $1.5 million on various types of construction work, including repairs of refugee shelters in the Beirut camps. The accounts for the Lebanon Emergency programme are shown separately in statements XI and XII.

7. The still ongoing uprising in the occupied territory (the intifadah) started in December 1987. Among the first measures taken by UNRWA in response to this new situation was the extension of some of its relief services and of its supplementary feeding programme to ensure that at least a minimum level of nutrition was sustained for all Palestine refugees and other people in special need. Subsequently, an extrabudgetary programme was developed in various stages, including several other measures that the Agency undertook without delay in order to alleviate social and economic difficulties faced by many refugees as a result of the intifadah. In 1988, the Agency received contributions to this programme to a value of about $21 million, of which $14 million was spent in that same year. In 1989, contributions amounted to $18.2 million, while expenditures were $20.5 million, thus reducing the balance to about $5 million by the end of 1989. This balance was increased, however, to about $10 million, owing to a reallocation from the General Fund (see also paras. 17-18). The accounts for the programme are shown in statements XV and XVI, Extraordinary Measures in the Occupied Territory.

8. In addition to the immediate measures that the Agency could undertake in response to the new situation arising from the intifadah, the Agency requested and received special donations for improving the infrastructure in terms of better housing conditions, new or expanded sewage systems and for providing the Agency with better facilities to run its education, health and relief programmes in the occupied territory. As such investments need to be planned and prepared in a careful manner, the Agency was not able to spend in 1989 more than a small portion of the donations received. However, a steadily increasing number of projects are now being started, as shown by the accounts for this programme as presented in statements XVII and XVIII, Expanded Programme of Assistance.

1989 budget and expenditure

9. The Agency's budget for 1989, as detailed in statement I, is the final operating budget for the year covered by the present report.

10. The total budget for 1989 of $330.9 million, as shown in statement I, consists of the following elements:

	Millions of United States dollars
Regular budget	258.2
Emergency budgets of extraordinary character	
Lebanon Emergency (All Funds)	22.0
Extraordinary Measures in the Occupied Territory (All Funds)	29.9
Expanded Programme of Assistance	20.9
	331.0

11. The budget figure for the regular budget includes an amount of $12.3 million budgeted for various capital and special projects on the basis of funds received before 1989 but not yet spent by the end of 1988. These budgetary provisions are included to enable meaningful comparisons between the budget and expenditure figures also under the heading of Capital and Special Projects.

12. The budget figure for Lebanon Emergency (All Funds) includes large unfunded provisions for repairs of refugee camps and for some other infrastructural works. It also includes the budget for the Lebanon Reconstruction Project, which was previously disclosed under the heading of Capital and Special Projects.

13. The budget figure for Extraordinary Measures in the Occupied Territory (All Funds) represents the latest revision of the Financial Plan which was prepared in several stages over the year to respond to the increasing needs of the refugee population due to the political situation.

14. The budget figure for the Expanded Programme of Assistance consists of allotments set up on the basis of the funds received in 1988 and 1989 in response to the Commissioner-General's presentation to the major donors at a meeting in February 1988, the aim of which was to solicit donations, totalling about $65 million, to fund various projects with a view to improving the environmental conditions of the refugee population in the West Bank and Gaza.

15. As shown in statement I, expenditures were generally well within the respective budgets.

Financial results

16. Also in 1989 the Agency benefited from a decreasing external value of the Jordanian dinar which contributed to the achievement of a positive financial result for the Agency's General Fund. In view of the shortage of funds to cover the expenditures required for the emergency programmes in 1990, it was decided not to keep within the General Fund any excess of income over expenditure, but to reallocate such funds to cover other, more urgent requirements. As a result, the Agency's working capital although still less than adequate, has not increased in 1989.

14

17. The working capital account of UNRWA is not a statutory operating reserve but is rather the balance remaining in the General Fund after liabilities are deducted from assets. The working capital account is used for three purposes: (a) to meet temporary, current year imbalances in cash flow; (b) to fund unforeseen emergency needs; and (c) in the event of a substantial reduction in the Agency's programme, to meet any extraordinary liquidating liabilities. The working capital now available represents less than two months' operating expenses of the General Fund.

18. The reallocations mentioned above were made as follows:

		United States dollars
(a)	Lebanon Emergency Fund to cover an otherwise negative balance	2 969 995
(b)	Gaza Centre for the Blind to cover a shortfall due to decreasing donations	152 919
(c)	Project Funds to enable the urgent implementation of two school construction projects in Jordan, namely,	
	Marka Elementary Boys School and	675 000
	Souf Preparatory Girls School	600 000
(d)	Fund for Extraordinary Measures in the Occupied Territory to be used for the financing of continuing emergency operations in 1990	4 735 860

19. During 1989, UNRWA had under implementation some 70 Capital and Special Projects funded by special contributions. Statement VII shows income and expenditure in 1989 for each project, while statement VIII contains the assets, receivables and liabilities of each project fund as at 31 December 1989.

20. Statement III shows the Agency's working capital, as well as all other fund balances. It should be noted, however, that these other balances are earmarked for special purposes. It would therefore not be possible to use them to cover part of the costs of the Agency's core programmes, if such a need were to occur.

21. The accounts of the Area Staff Provident Fund are shown in statements XIX to XXI. The total assets of the Fund rose from $446.9 million to $499.7 million. Net investment income for 1989 was $39.2 million, as compared to $38.1 million in 1988.

22. The loan scheme, which was established to assist participants by making funds available for housing and educational purposes, is running in its fifth year. At 31 December 1989, outstanding loans were $3.4 million, as compared to $3.8 million in 1988.

II. REPORT OF THE BOARD OF AUDITORS

Introduction

1. As requested by article XII of the Financial Regulations of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), the Board of Auditors has audited the accounts of UNRWA for the year ended 31 December 1989.

2. The examination was carried out in accordance with article XII of the Financial Regulations of the United Nations and the annex thereto and with the common auditing standards adopted by the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. The examination was conducted at UNRWA headquarters at Vienna and in the Agency's field office in Jordan.

3. During the year under review, the Board of Auditors continued its normal practice of reporting the results of the specific audits and issuing management letters containing detailed observations and recommendations to the Administration. This practice helped to maintain a continuous dialogue with the Administration.

4. The following are the most significant matters arising from our audit examination. We discussed these matters with the Administration, whose responses are referred to as appropriate. The present report is divided into two parts covering the audit of financial statements and management issues, respectively.

Summary of recommendations

5. We recommended that the following corrective actions, presented in order of priority, be taken:

(a) Organizational structures of the Area Staff Provident Fund should be improved (see paras. 123-138):

(i) The responsibilities in the management of the Fund should be redistributed. Consideration should be given to the establishment of a supervising body responsible for long-term objectives, to the management of the medium-term investments by an expert or an external consultant committee, and to having the choice of investments made solely by the investment managers;

(ii) A specialized unit should be established in the Fund's administration to check on the activities of the investment managers and the custodian;

(iii) The decision taken by the Provident Fund Advisory Committee not to invest in equities should be reconsidered with respect to their better yield in the long term. A wider diversification would provide higher security as well as a desirable constant growth;

(iv) The managers of the Fund should try to obtain a professional fund management system in order to have the data needed for management available on screen at any time and at reasonable cost. The current performance measurement could be improved as well;

(v) Investments should gradually be realigned within a transitional period;

(vi) The guidelines for the investment manager's should be further developed, taking into consideration our findings and recommendations;

(b) The existing UNRWA instructions concerning cash management should be reconsidered with a view to improving flexibility in order to maximize interest earnings (see paras. 44-46);

(c) The organizational position of the Field Engineering Officer in Jordan should be adjusted with a view to transferring supervisory responsibilities from the Field Relief and Social Services Officer to the officer that is actually in charge (see paras. 87-88);

(d) The instructions for the approval of variation orders concerning minor changes in construction works should be modified with a view to establishing appropriate procedures for a wider delegation to the field level (see paras. 69-71).

Summary of findings

6. The Expanded Programme of Assistance fund was not listed in note 1 (a) to the unaudited financial statements (see para. 24).

7. The total amount of unliquidated obligations increased by about 60 per cent between 1988 and 1989 (see para. 32).

8. The consolidated cash position of the Agency has continued to increase (see para. 38).

9. The Agency's liquidity position was mainly affected by the requirements of the special funds for Extraordinary Measures in the Occupied Territory and the Expanded Programme of Assistance, and otherwise remained almost stable in relation to the previous year (see paras. 39-41).

10. A part of the General Fund total income was reduced by reallocations to the Extraordinary Measures in the Occupied Territory and the Lebanon Emergency Fund (see para. 42).

11. The existing UNRWA instructions do not allow sufficient flexibility in cash management, which leads to interest rates lower than the available rates (see paras. 44-46).

12. A few members of the internal audit staff had special assignments and held a line function (see paras. 47-50).

13. Although, according to the relevant organizational directive, one of the Programme Planning and Evaluation Office's responsibilities was to carry out cost-benefit studies, such studies have not been conducted (see paras. 51-53).

14. The validity of information conveyed to the Agency's top management by the performance evaluation reports at year-end, has not yet been ensured (see paras. 54-57).

15. The project office still needs to ensure that the current electronic project files recording the special funded projects are complete and updated (see paras. 58-61).

16. The examination of planning and implementation of the construction programme in the Jordan field office revealed the following shortcomings:

(a) A specially funded construction project was progressing rather slowly, leading to a significant delay in completion (see paras. 62-64);

(b) A newly constructed school building was not used after completion because the schoolyard's boundary walls had not yet been built (see paras. 65-67);

(c) The lengthy approval procedure of variation orders hampered the progress of construction work (see paras. 69-71);

(d) In some cases, contractors failed to procure adequate insurance for construction work (see paras. 72-73).

17. The examination of tendering and contracting procedures in the Jordan field office led the Board to conclude the following:

(a) Contracting activities at year-end resulted in unliquidated obligations, totalling $1 million (see paras. 74-75);

(b) In several cases, all the contracting procedures - from the opening of the tender to the signing of the contract - had either taken place on one day (31 December 1989) or else the contracts had been backdated to have them obligated before year-end. Obligations were made on the basis of approved contract proposals (see paras. 76-78);

(c) In some cases, the invitations to tender set an extraordinary short deadline, leaving one week only for the submission of tenders (see paras. 79-81);

(d) The personnel capacity of the Field Engineering Office, Jordan, could not adequately utilize the funds available for the construction programme (see paras. 82-86);

(e) The organizational position of the Field Engineering Officer, which is under the supervisory responsibility of the Field Relief and Social Services Officer, is not appropriate to his functions and does not correspond with actual, still unofficial, arrangements (see paras. 87-88).

18. Anticipated changes of price levels and exchange rates in Jordan can lead to an under-funding of the current programme (see paras. 89-92).

19. The examination of the Area Staff Provident Fund disclosed the following:

(a) Management has taken steps to reduce total costs for administering the Fund consequent to previous comments of the Board. The custody fees, and the fees of the investment manager who had charged the highest fees and administered the smallest portfolio, have been reduced (see paras. 94-98);

(b) The custodian did not fulfil his contractual task of checking on the investment managers' activities to the extent of the Fund's expectations. He put himself in a conflict of interest. His performance measurement system is not sufficient for effective fund management (see paras. 100-108);

(c) The order of priority of the planned reorganization does not seem appropriate (see paras. 109-114);

(d) The Advisory Committee of the Fund makes recommendations on highly specialized matters, such as whether or not investments in equities should be allowed, without being advised by experts (see para. 120);

(e) Contrary to the current investment guidelines, one investment manager invested in futures, warrants and options (see paras. 121-122).

Part I: Financial issues

The Agency's funds

20. In addition to the General Fund and Project Funds, the Agency operated three separate funds, namely, the Lebanon Emergency Fund, Extraordinary Measures in the Occupied Territory and the Expanded Programme of Assistance. Extraordinary Measures in the Occupied Territory and the Expanded Programme of Assistance were established in 1987 and 1988 in order to alleviate the hardship of the Palestine refugees due to civil unrest in the occupied territory.

21. While income and expenditure of the General Fund slightly increased during the last years, the financial requirements for the three separate funds were unstable because of the special problems in Lebanon and the occupied territory.

	1988		1989	
	Income	Expenditure	Income	Expenditure
	(United States dollars)			
Lebanon Emergency Fund	1 366 811	5 886 524	4 134 193	10 869 294
Extraordinary Measures in the Occupied Territory	20 892 709	14 017 435	24 092 850	23 483 879
Expanded Programme of Assistance	7 999 180	126 286	5 936 348	2 535 474
Totals	30 258 700	20 030 245	34 163 391	36 888 647

22. Funding and fund management had become very difficult, because expenditure for these funds were growing rapidly and unforeseeably. Extraordinary Measures in the Occupied Territory is partly funded from the General Fund, the Lebanon Emergency Fund's cash contributions were totally financed out of the General Fund.

23. The separate funds have an impact on the funding of the Agency's regular operations. The situation in Lebanon and the occupied territory causes concern for the Agency's financial situation. The civil unrest in those areas led to increasing financial requirements that had to be covered partly by the General Fund.

24. The Agency informed us that they would add a reference to the expanded programme of assistance in note 1 (a) to the audited financial statements, since it was not listed there.

Accounting policy

25. In 1987, the Agency amended its accounting policies in order to disclose only income actually received in each year as income for each financial year. In other words, pledged but unreceived income is not recognized as income in the financial statements, but is disclosed in schedules attached to the statments. Cash contributions pledged but unpaid at 31 December 1989 amounted to:

	United States dollars
General Fund	1 160 939
Project Funds	7 672 123
Lebanon Emergency Fund	750 000
Extraordinary Measures in the Occupied Territory	3 528 363
Expanded Programme of Assistance	12 463 959
Total	25 575 384

26. The same applies to in-kind contributions, amounting to $36,751,597 and not received at year-end, which are not reflected in the accounts of the Agency but only disclosed in schedules attached to the statements. Even if such outstanding contributions were included in the Agency's accounts, they would have no impact on the results/working capital, because the Agency's accounting policies necessitate that such income would be immediately charged to expenditure.

27. According to note 1 (b) to the financial statements, liabilities are recognized on an accrual basis of accounting. Extraordinarily high liabilities, which would arise from the cost of the separation of local staff members if UNRWA activities were terminated, are not recorded as liabilities. This is now disclosed in note 1 (g) to the audited financial statements.

Unliquidated obligations

28. By its resolution 44/183 of 19 December 1989, the General Assembly requested all administrations and governing bodies concerned, in co-operation with the Board of Auditors, to complete the review and classification of their accounting policies with respect to the recording of unliquidated obligations. With regard to that

request, we have audited the accounting treatment of obligations at year-end. This encompassed goods-in-transit, accounts payable, reserves for unliquidated obligations and carry-forwards. With regard to the Board's former remarks, the Agency introduced a new obligation system in 1989. The corresponding instruction dictates that, after the clearance of goods in transit at the year-end closure:

(a) Liabilities have to be recorded in cases where goods or services have been received or completed but where payment has not been made;

(b) Commitments have to be recorded in cases where contracts have been signed but related goods or services have not been delivered;

(c) The remaining outstanding obligations have to be deleted so that the free budget balance for 1989 will be increased, and those obligations for so-called one-time (capital) projects have to be re-established against 1990 budget allotments;

(d) The free balances of funds after clearing of obligations to liabilities or commitments or through deletion can be carried forward to 1990 under specific conditions. These carry-forwards have to be recorded on a special account and, as a result, are now disclosed in the financial statements.

29. The definition of unliquidated obligations, as outlined in notes 3, 4 and 5 to the financial statements, is not in compliance with generally accepted accounting principles. However, specific requirements arising from the Agency's operations might justify a modification of those principles, which were established for commercial enterprises. The Agency's operations, its funding and purpose differ from those of commercial enterprises and, thus, may call for a reserve of funds for future requirements, which can be expected within a reasonable time. This has been taken into account by allowing funds to be carried forward, as stated in the financial regulations.

30. Given the fact that the Agency's newly issued instructions provide for a clear distinction between all liabilities resulting from unliquidated obligations in the financial statements, we feel that the Board's demands for the establishment of transparency have been satisfied.

31. The audit of these liabilities, therefore, focused on the question whether the Agency complied with its own relevant regulations, rules and instructions.

32. Total liabilities in question developed in the past two years are as follows:

	1987	1988	1989
	(United States dollars)		
Accounts payable	11 914 025	15 327 445	10 808 711
Reserve for unliquidated obligations (commitments)	2 689 934	5 045 343	6 279 570
Reserve for goods-in-transit			12 766 042
Reserve for carry-forwards			2 861 061
Total	14 603 959	20 372 788	32 715 384

33. The reserve for goods-in-transit was formerly included in accounts payable and the reserve for carry-forwards was part of the reserve for unliquidated obligations.

34. The table shows a strong increase by $12.3 million in accounts payable and reserves to be carried forward to 1990. This applies to the total of liabilities in question.

35. This growth of obligations is made up of (a) $1.9 million, resulting from an increase in project activities during the year; (b) $5.7 million, resulting from difficulties encountered by the fields when attempting to clear the goods at the ports of unloading; and (c) $4.7 million, due to the improvement of the Agency's obligation system, underlining the need for more accurate recording during the year.

36. Nevertheless, we refer to paragraphs 74 and 75 of the present report, which deal with raising obligations.

37. While, in 1988, only 46 per cent of the unliquidated obligations accrued at the end of the previous year had been liquidated, in 1989, this figure rose to nearly 72 per cent. Thus, the situation has essentially improved.

Consolidated cash position

38. The consolidated cash position of the Agency as disclosed in statement III amounts to $88 million ($78 million in 1988, $58 million in 1987). The increase in liquid funds was mainly caused by the significant rise of obligations; they are prior year's expenditure, but the funds have not yet been disbursed.

Liquidity position

39. We reviewed the amounts of the General Fund working capital, Project Funds balances, Lebanon Emergency Fund, Extraordinary Measures in the Occupied Territory and Expanded Programme of Assistance fund balances, plus income received in advance. The amounts are summarized for the past three years in the table below:

	1987	1988	1989
	(United States dollars)		
General Fund balance	25 835 121	29 274 736	28 946 574
Project Funds balances	12 747 239	10 842 395	(1 159 043)
Lebanon Emergency Fund	6 687 064	2 167 351	1 911 599
Extraordinary Measures in the Occupied Territory	-	6 875 274	13 416 240
Expanded Programme of Assistance	-	7 872 894	11 756 139
Income received in advance	2 281 848	4 492 534	4 348 992
Total	47 551 272	61 525 185	59 220 501

40. Funded ongoing activities were overspent by $7,348,682 because a major donor was late in making its contribution of approximately $8.0 million. The overexpenditure was covered by the General Fund. As a result, about $7.9 million are due to the General Fund.

41. The liquidity position also depends on expenditure for operations of the newly established funds (Extraordinary Measures in the Occupied Territory and the Expanded Programme of Assistance). In 1988, their activities had just been started and contributions were not completely spent. In 1989, the financial requirements resulting from increased operations diminished the fund balances.

Income and expenditure

42. The Agency has contributed an amount of about $7.6 million to the Lebanon Emergency Fund and to the Extraordinary Measures in the Occupied Territory. This figure is reflected as income in statement I and is part of the $9.1 million reallocation of General Fund income to cover shortfalls and anticipated and continuous requirements under the Lebanon Emergency Fund and the Extraordinary Measures in the Occupied Territory. It is disclosed as income for these funds in statements IX and XIII. These funds are not reported as income and expenditure of the General Fund, but reallocated to income of the separate funds in Lebanon and in the occupied territory.

Classification of cost

43. Until 1988, cost for production and self-support units were posted to administration cost of common service. In 1989, these costs, amounting to $418,378, were posted to operational services. The change of cost classification can only be identified by a comparison of cost over the years. In order to clarify the cost classification changes, the Agency agreed to mention it in the notes to the financial statements.

Part II: Management issues

Cash management

44. According to the existing UNRWA instructions, cash requirements are assessed on the basis of the cash book in order to prevent book overdraft. The forecast of liquidity requirements includes outstanding and unclaimed cheques.

45. In Jordan, where the field office keeps a United States dollar account and a Jordanian dinar account, the interest rates for the United States dollar balances are significantly higher and the Jordanian dinar is on a devaluating trend. We therefore recommended that the Jordanian dinar account should be kept to a minimum and be replenished by converting United States dollars to Jordanian dinar only when needed to cover actual cash requirements. Cheques should not be taken into account before they are presented for payment.

46. The Agency will study the practical implementation of the recommendation, changes in accounting procedures and the applicability in other fields before a decision is made.

Special assignment of internal audit staff members

47. In 1989, two members of the Audit Office were employed in a field line function on a short-term assignment coming up to a total of 50 working days. The year before, the special assignments of four auditors to operational management functions totalled about 100 working days.

48. In our view, such special assignments are not in compliance with the Audit Office's mandate. They lead to a reduction in necessary audit manpower and might affect the auditors' independence from operational management.

49. According to the Agency's response, the reduction did not seriously affect the audit work and internal auditors have only been used for relieving assignment as a very last resort, especially when new requirements arise unexpectedly.

50. Although we understand the difficult situation that the Agency sometimes faces, our reservations are not dispelled.

Cost-benefit studies

51. The Agency's organizational directive No. 3, as of August 1987, mentions conduct of cost-benefit studies in co-operation with the Audit Division as one of the responsibilities of the Programme Planning and Evaluation Office.

52. However, such studies have not yet been conducted. The Agency is working on the revision of the above-mentioned directive that is supposed to reflect the new orientation as regards cost-benefit studies being part of a broader set of evaluation techniques. Management pointed out that such studies are but one of several analytical methods and that they may be utilized within the overall context of its planning and evaluation process.

53. We feel that the prerequisites and the purpose of cost-benefit studies need to be put into more concrete terms in order to ensure that this evaluation method will be applied in the future, whenever necessary or appropriate.

Performance evaluation report 1989

54. Reacting to a report of the Joint Inspection Unit that was released in 1988, the Agency established the Programme Planning and Evaluation Office in that year. The purpose was to enhance management and control of programmes, the effectiveness of operations and the efficiency in the use of resources.

55. The medium-term plan process, introduced by the Agency in 1986, was reoriented in 1988 to place primary emphasis on its use for internal management purposes. Furthermore, processes for monitoring and evaluating programme performance were established in 1988. In the same year, performance reviews were pilot-tested and fully implemented on an Agency-wide basis in 1989. The performance evaluation reports at year-end were formalized by use of a reporting format which had been distributed to all headquarters and field staff who were substantially involved in the 1989 planning process.

56. In the course of the Jordan field audit, a spot sampling of the field's performance evaluation reports and the related interviews with staff members revealed that some staff members were not sufficiently familiar with the comprehensive guidelines concerning the medium-term plan and the performance evaluation report. Furthermore, some staff members' reservation was disclosed concerning the benefits of the newly established reporting procedure, which they considered to be rather time-consuming.

57. We are aware of the fact that it will take some time until newly established management tools are implemented in a large organization and accepted by staff. We agree with the response of headquarters that guidance material and training programmes on performance and evaluation requirements need to provide additional clarification. Moreover, we concur with headquarters in its intention to re-examine the overall medium-term requirements, including reporting in 1990 with a view to eliminating unnecessary and time-consuming requirements and making the reports a more useful management tool.

Electronic project file system

58. In the last quarter of 1989, the Agency set up a project management system, of which the electronic project file on each funded project is a part, recording essential information on donor-funded projects. According to the Agency's statement, the electronic project file is to be seen as a process and a means of providing and receiving information on specific projects and of identifying delays and problems. Its purpose is defined as an information, tracking and monitoring tool.

59. Updated electronic project files are sent to the field offices every six to eight weeks, incorporating the latest information both from headquarters and from the field.

60. Our review of a special funded project in Jordan, recorded in the first electronic project file on 6 October 1989, disclosed that the file did not contain the current problems that were causing a significant delay in the project implementation, nor had the completion date been updated according to the state of progress. Although the completion date was updated in the next electronic project file, issued on 6 February 1990, it was still not realistic, considering the actual state of the project's progress. We have come to the conclusion that the flow and

especially the validity of information need to be improved in order to turn the electronic project file into a useful tool.

61. Management is aware of the shortcomings in the flow and validity of information, pointing out that, as with any new system, users and participants need time to familiarize themselves with it. The electronic project file edition issued in April 1990 has been updated appropriately and gives a realistic picture of the project's progress.

Jordan field construction programme

62. A specially funded construction project in Jordan was progressing rather slowly almost from the beginning. External factors, such as bad weather conditions, contributed to the delay, as well as the contractor's slow work performance, which was mainly caused by his poor financial position. By summer 1989, it was obvious that the contractor was not meeting his obligations and was jeopardizing the completion of the project. The reminders that the field office sent to the contractor in the summer and fall of 1989 did not have effect on the contractor's slow work performance. At the original contractual completion date (February 1990), less than 25 per cent of total work had been completed.

63. According to the Agency, the field office had continuously followed up the case and had even assisted the contractor financially to overcome his shortage of funds. Discussions with the contractor were started in February 1990 to decide on a new date of completion.

64. Given the considerable delays in work that had already occurred up to July 1989, the Agency should have reacted more promptly and vigorously as soon as it became apparent that the contractor's performance was deficient. Furthermore, the legal adviser should have been called in earlier than in February 1990 - the time at which we audited the project.

65. By mid-November 1989, as projected, a newly constructed and fully equipped school in Jordan was handed over to the Agency. Since the boundary walls and the school yard pavement were not included in the donor's contribution, the Agency had to arrange for the additional construction work.

66. The field office decided not to use the school before the additional work had been completed "in order to preserve the condition of the school, which is located in a muddy area with no drainage".

67. About six weeks after the school had been handed over, the additional work was tendered and awarded with a completion period of 16 weeks. As a result, the fully equipped new school has been unoccupied for almost six months.

68. According to the Agency, steps are being taken to improve project planning and preparation by requiring, inter alia, that headquarters programme departments insist on better prior project planning by the field programme departments.

Change of construction contracts

69. For any variation of construction contracts, the Jordan field office has to seek headquarters approval, regardless of the technical and financial impact of the

variation. Our audit disclosed that, even for minor changes with a financial impact of less than $120, a formal approval by headquarters was sought.

70. As the current approval procedures slow down the construction progress, we recommended that delegation of authority be considered for approval of variation orders for minor changes.

71. Although the Agency considers it complicated to define "minor changes" from a technical point of view, they will study the matter with a view to establishing appropriate procedures for wider delegation of authority to the field level without impacting negatively on the ability of headquarters to exercise adequate technical and financial control over all construction projects.

Lack of insurance coverage

72. Some construction projects were not covered by insurance, as laid down in article 15 of the standard contract, because the contractors had ignored their obligation to procure the insurance at their expense. The Agency had either not monitored the necessary extension of insurance contracts or had not succeeded in getting the contractors to fulfil their obligation. The lack of insurance coverage involves considerable financial risks for the Agency.

73. According to the Agency, in future cases where contractors fail to procure adequate insurance, the Agency itself will procure such insurance and charge the expenses to the contractor, either by using the security deposit, or by withholding interim payments to the contractor if necessary.

Implementation of new procedures for unliquidated obligations

74. As mentioned in paragraphs 29 and 30, we accept the new procedures for the treatment of unliquidated obligations established by a management instruction of December 1989. However, as a result of our audit in the Jordan field office, we wish to point out that the implementation is not satisfactory and needs to be corrected.

75. The bulk of contracting activities in Jordan was carried out in the last six weeks of 1989, increasing expenditure for construction from $0.7 million on 10 November to $1.7 million at year-end. In addition, unliquidated obligations, totalling $1 million, were raised.

Agglomeration of contracting activities at year-end

76. Several contracts indicated 30 and 31 December 1989 as the date of signing; the corresponding contracting activities were carried out during the last days of December. In one case, all the contracting activities, from the opening of the tender to the signing of the contract, even took place on one day only (31 December 1989). In another case, the contract was signed in January 1990, but the corresponding obligation had already been recorded in 1989. Furthermore, we noted that the obligations were inadmissibly recorded on the basis of approved contract proposals.

77. We have to conclude that, either the contracting activities were carried out in an unreasonable rush, leaving hardly any chance for a sound check of the tenders, or the contracts were backdated.

78. In concurrence with our conclusions, the Agency stated that the agglomeration of contracting activities to be carried out under heavy time pressure solely in order to have them completed before the end of the financial year tended to result in unnecessary errors leading to an inefficient use of Agency resources. The Jordan field office had been requested to plan its future contracting activities throughout the year in such a way that a similar situation would not occur again and that deficiencies such as those pointed out would be avoided.

Tendering procedures

79. In some cases, invitations to tender allowed only one week for the tenderers to submit their bids. The short deadline can have a negative impact on the reliability and soundness of the tenders.

80. The Agency generally agreed that in the Agency's own interest, those tendering contracts should be allowed a reasonable time to prepare their bids. However, the field administration felt that in these specific cases exceptions could be made, because during the period of tendering, construction business had been very slow in the country, leaving sufficient engineering capacity for fast preparation of bids.

81. Although we found no evidence that problems that had arisen during project implementation could be directly related to the extremely short tender preparation, we think that unnecessary risks for the soundness of the bids should be avoided by allowing appropriate time for the tender submission.

Engineering capacities of the Jordan field office

82. The Working Group on the Financing of UNRWA stated in its 1989 report that the construction programme was underfunded and that much needed work would again have to be postponed. We pointed out that, in addition to necessary funding efforts, the field office's engineering capacity, as far as the Jordan field office is concerned, has to be adjusted in order to carry out all funded projects within a reasonable time scale.

83. In 1989, a total of $8.4 million was budgeted for the Jordan field construction programme; $4.1 million were not funded, so funds available for construction expenditure came up to $4.3 million.

84. In 1989, the Jordan Field Engineering Officer, however, carried out construction work amounting to $1.87 million only, including liabilities at the end of 1989, leaving about $2.5 million unspent. Field Management informed us that the Field Engineering Office was working at the limits of its capacity.

85. The Agency is aware of the heavy construction work-load in Jordan and of the relatively limited capacity of the Field Engineering Office. If all projects were completely funded, the field office would be unable to carry out all the work with its current work-force.

86. We agree with the Agency's statement that the Field Engineering Office should not be provided with all the staff needed to complete all the planned work, since many projects are usually not funded. Construction staff capacity should, however, be sufficient to cope with the work-load arising from funded projects.

Organizational status of engineering offices

87. The Jordan Field Engineering Office is officially under the supervisory responsibility of the Field Relief and Social Services Officer. Actually, the Field Engineering Office's reports and requests only "go through" the Jordan Relief and Social Services Officer, while the Deputy Director is involved in all major Field Engineering Office matters and takes part in decision-making.

88. The Agency is aware of the need for an organizational adjustment. Steps have already been taken in order to review the organizational status of all engineering offices (field and headquarters). The studies will also cover work-load and capacity.

Financial situation of the Jordan field office

89. We agree with the Working Group on the Financing of UNRWA, that as stated in its 1989 report, there is a clause for serious concern as to whether the Agency could meet its expenses in 1990.

90. Having reviewed the budgetary situation of the Jordan field office, we note that an increase of 5 per cent in budgeted expenditure for the regular programme has been anticipated. Owing to the Agency's lack of funds, however, the budget estimates resulted in a nominal decrease of 3.1 per cent.

91. Our analysis regarding the exchange rate fluctuation and the inflation rate in Jordan, including a consideration of the updated Cost of Living Index in Jordan, as well as the development of exchange rates since 1986, raised the question as to whether the present Jordan field budget will cover the programme requirements.

92. The Agency believes that the budget is based on realistic assumptions. Nevertheless, it will follow the development closely with a view to being prepared for taking appropriate measures. Furthermore, the Agency pointed out that remedial actions may not be considered for the Jordan field office only, but analysed in an Agency-wide context, considering the Agency's financial situation as a whole.

Area Staff Provident Fund

93. In its 1988 report, 1/ the Board of Auditors had disclosed serious shortcomings in the administration of the Area Staff Provident Fund. In reference to the discussion of this issue in the Advisory Committee on Administrative and Budgetary Questions and the Fifth Committee, the Board has carried out an in-depth examination of the Fund, focusing on administrative cost (custody fees and investment managers' fees); contractual arrangements with the custodian; custodian's performance; termination of an investment manager's contract; organizational status and function of the Provident Fund Advisory Committee; investments not allowed by the guidelines; and reorganization of the Provident Fund.

1/ Official records of the General Assembly, Forty-fourth Session, Supplement No. 5C (A/44/5/Add.3).

Administrative cost

94. The Board of Auditors had disclosed in its prior year's report that total administration expenses, including investment managers' fees, had increased dramatically over the previous three years (1986-1988). This had been primarily caused by the appointment of a global custodian, who received 0.10 per cent (equal to $428,000 in 1988) of total investments a year. The Board regarded these changes as highly questionable in view of the very limited responsibility of the custodian.

95. Meanwhile, management succeeded in reducing costs for administering the Fund. A modified custody agreement reduced the custody fees to $280,000 per year. In addition, the custodian reimbursed fees, amounting to $70,000 compensating for the non-fulfilment of some of the duties required in the former contract. The Fund's management also succeeded in reducing the fees of the investment manager who had charged the highest custody fees and administered the smallest portfolio, initially saving the Fund an amount of about $85,000 annually, with effect from 1990.

96. The costs over the last four years and the projected costs for 1990 are reflected in the following table:

	1986	1987	1988	1989	1990 (estimates)
			(United States dollars)		
General administrative expenses, of which	161 679	302 934	713 914	553 786	540 000
Assistance provided by the Agency			(285 914)	(259 053)	(260 000)
Fees paid to the global custodian			(428 000)	(294 733)	(280 000)
Investment managers' fees	543 913	612 671	668 123	755 868	735 637
Total	705 592	915 605	1 382 037	1 309 654	1 275 637
Percentage of total assets	0.207	0.229	0.309	0.262	0.240

97. As a result, total administrative costs did not continue to increase in 1989 in spite of an increased value in assets. In 1990, the situation is expected to improve further. However, if the planned appointment of an additional staff member within the office of the Manager comes into effect, internal administrative costs will increase again.

98. Subsequent improvements may be possible, but the amounts in question will be insignificant. We should like to point out that the total administration costs are not extraordinarily high compared to other funds of the same size. Administrative costs of the Joint Staff Pension Fund are about 0.15 per cent of total assets and, therefore, as a percentage, about two thirds of the Provident Fund's costs. This

can be accepted because when such costs are increasingly lower, the assets' value is higher.

Contractual arrangements with the custodian

99. We identified the shortcomings discussed below in the former and the current contract between UNRWA and the custodian.

Monitoring of investment managers' activities

100. According to the former contract, the custodian had to monitor the investment managers' day-to-day trading activities and to ensure the reasonableness of prices and rates obtained, as well as the investment managers' activities with regard to compliance with UNRWA guidelines. However, the contract did not specify the required reporting on such monitoring.

101. The custodian did not fulfil the expectations in this regard. He did not provide any reports on whether or not errors had been found, nor did he inform UNRWA about the investment managers' operations that were not specifically sanctioned by the guidelines, for example, the purchase of warrants, futures and options.

102. In the new contract, the arrangement referred to above is completely deleted, although there is an urgent need for controlling values, prices and exchange rates to ensure that they are "at arm's length", especially by taking into consideration the fact that, apparently, assets are not purchased or sold at a stock exchange, but directly between banks. Therefore, the question arises as to who will be in charge of monitoring the investment managers' operations in the future.

103. Management stated that it had soon become clear that the custodian was not performing his contractual function of checking on the investment managers' activities. Since the treasury did not have the staff capacity to perform this function, management decided to establish a special unit for this task.

Conflict of interest

104. We noted that the custodian, who was to ensure the reasonableness of prices and rates, put himself in a conflict of interest because he entered into transactions with investment managers. The custodian conducted most of the foreign exchange deals with one of the investment managers and, in some cases, also with a second one. In the future, consideration should be given to excluding the custodian as counterpart to transactions.

105. Management replied that, under the new contract, there would be no more conflicts of interest because the custodian would no longer be expected to check on the investment managers' activities.

106. Nevertheless, deals with the investment managers are, in our view, incompatible with the custodian's tasks.

Performance report

107. The custodian has to monitor the investment fund's performance on an annual basis. The actual performance measurement system is not sufficient for effective fund management, because it only calculates the overall performance as one

percentage quarterly. In a modern computerized system, the performance can be calculated for every single investment category, for all assets of one single currency and for different parts of the world (for example, the markets in the Far East, North America or Western Europe). This would help UNRWA to compare the effectiveness of the four managers.

108. Management commented that they would get a more comprehensive performance analysis in the future.

Custodian's performance

109. We are not in a position to assess whether the advantages of having a global custodian justify the additional custodial fees paid by the Provident Fund. It might be an advantage if one global custodian were holding all the Fund's securities, ensuring the collection of dividends and interest and accounts for all investment managers on a uniform base.

110. We have to refer to the Board's observations made in the 1988 report stating that not all of UNRWA's objectives had been met up to that date. We could not verify that any significant benefit had been realized from the appointment of the global custodian since (a) the custodian did not provide global trusteeship; (b) the advantages of a wider choice of investment managers had not been made use of; and (c) the monthly statements and the consolidated statement did not add substantial information to the statements of the individual investment managers. Apart from that, UNRWA could not use the additional information unless the new unit were established.

111. Moreover. the custodian does not render the reporting service himself, but uses the services of a sub-contractor, so that the profit margin may be charged twice.

112. We are of the opinion that the planned reorganization of management structures will be useful, but that the order of priority of activities is not appropriate. The appointment of a global custodian should have been one of the final steps of reorganization. Since the custodian's appointment in late 1987, management has not even been able to use he information provided by him, because there was no staff to check and analyse it. Besides, prior to the appointment of the global custodian, a reduction of the investment managers' remuneration should have been negotiated because their fees also covered custodial functions.

113. Management replied that the appointment of the global custodian had been recommended by an outside consultant as the first step towards a major restructuring of fund management. The advantages would become more apparent upon the establishment of the new unit.

114. We do not question the appointment of a global custodian as such, but we think that the reorganization of the internal structures should have been given priority over the appointment of a custodian.

Termination of Provident Fund investment manager's contract

115. During the past decade, UNRWA awarded contracts for its Provident Fund to four investment managers. In November 1989, the Provident Fund Advisory Committee decided to replace one of the investment managers in order to give an incentive to

the other investment managers to maximize their performance. The decision was based on the nine-year average performance and on the recent results.

116. The decision seems questionable, because it was only based on performance results. Since actual market values of assets had not been included in the evaluation, unrealized gains and losses had not been taken into account. A comparison leads to unrealistic results under this evaluation system.

117. Our analysis of the four managers' performance during the last five years disclosed that the investment manager whose contract is supposed to be terminated:

(a) Is an active manager with a higher turnover and therefore with more transactions than others;

(b) Had an average performance for the five-year period 1985-1989, which is about 2.5 per cent better than two of the other managers;

(c) Was one of the least expensive managers during the past five years.

118. The Agency replied that the replacement was justified because the manager had the lowest yield in the past two years, even though an evaluation over a longer period might have led to other results. The main reason for the termination, however, was that the same managers had been with the Fund for a considerable length of time and that the termination of one manager's contract would have a positive effect on the performance of the remaining managers.

119. While we understand management's intentions, we would like to point out that the decision should have been based on a reasonable comparison of the manager's performance.

Organizational status and function of the Provident Fund Advisory Committee

120. The Fund's Advisory Committee basically consists of staff members not specialized in investment issues. There is no group of consulting experts. On the one hand, since the Advisory Committee does not have the necessary specialized knowledge, most of the decisions such as those concerning investments in different currencies, appropriate investment maturities and portions of different assets, are delegated to the investment managers. On the other hand, the Committee sometimes makes recommendations on highly specialized issues that require expertise, for example, as to whether investment in equities should be allowed. The Provident Fund Advisory Committee's advice cannot compensate for the lack of expert consultation.

Investments not allowed by the guidelines

121. One manager invested in futures, warrants and options. The current guidelines, although not expressly excluding such investments, state that preservation of capital is of primary importance. Therefore, in our opinion, these risky investments were not in accordance with the guidelines. Management should try to get compensation, if losses have been sustained.

122. Management is currently analysing the degree of risk that is involved in investment in futures, warrants or options, with a view to revising the guidelines. However, it is inconsistent that extremely risky assets, such as

futures, warrants or options, should be allowed without significant limitation, while equities are excluded.

Recommendations for reorganization of the Provident Fund

123. The current organizational status and investment strategy of the Provident Fund are not satisfactory. The Agency was given a detailed proposal and was recommended to take the following action:

(a) To modify the responsibilities within the Fund's management;

(b) To set up new organizational structures;

(c) To modify the diversification of assets with benchmarks and deviation ranges;

(d) To introduce an effective fund management and performance measurement system;

(e) To define the investment activities in a transitional period until all objectives are met;

(f) To improve guidelines for investment managers in order to clarify rights and duties.

124. Management agreed in principle with our description of the Fund's current situation and with our recommendations and has taken steps for the Fund's future reorganization.

Responsibilities and organizational structure

125. The distribution of responsibilities within the Fund's management should take into account three different tasks:

(a) (Long-term) asset allocation (investment policy), which defines the degree of risk in relation to the expected yield;

(b) (Mid-term) tactical allocation, which defines the Fund managers operating within the limits of the asset allocation;

(c) (Short-term) investment decisions.

Therefore, the following organizational structure should be considered:

(a) A supervisory body (managing board) should be responsible for the investment policy and should:

(i) Determine long-term investment allocation targets;

(ii) Elect managers;

(iii) Evaluate (external and internal) managers;

(iv) Establish an investment advisory committee.

The present Provident Fund Advisory Committee could function as the supervisory body.

(b) An investment advisory committee, made up of experts, should be responsible for the tactical allocation and should:

(i) Specify particulars on the basis of policy decisions taken by the managing board;

(ii) Recommend changes in asset diversification, currency structures and maturities;

(iii) Formulate instructions to managers within the scope of the directives issued by the managing board;

(iv) Monitor compliance with guidelines;

(v) Analyse performance of individual managers as a basis for the managing board's decisions;

(vi) Optionally assign one member of the advisory committee to each manager for control.

(c) The investment managers should have a clearly defined responsibility for individual investment decisions and should:

(i) Select the individual portfolio holdings as spread over each asset class, with due regard to benchmarks and deviation ranges, as laid down in the guidelines;

(ii) Provide the necessary input for the custodian's reporting and performance measurement.

126. This organizational structure would ensure that decisions of major importance would no longer be delegated to the investment managers. Such a broad delegation is dangerous because the investment managers simply provide a service and their own risk is limited to the loss of the contract, while the Fund can experience actual losses. Therefore, the appointment of external portfolio managers should always be accomanied by the stipulation of benchmarks. These benchmarks, which derive from the targeted long-term investment allocation, should indicate the minimum, maximum and average portion of each asset class, and should also serve as a basis for monitoring and performance analysis.

127. The manner in which the custodian has to provide his service and to present reports and performance calculations should be defined. Furthermore, clarification should be made as to who should be in charge of checking the investment managers' transactions and the custodian's performance. If a specialized controlling unit is to be established for that purpose in the Fund's administration, additional technical facilities should be provided.

128. Management basically shares our opinion and announced that it would pursue the idea of establishing an investment advisory committee with the tasks described above.

Diversification of assets

129. According to the Fund's current investment policy, the assets do not include any equities. In a 1986 report one UNRWA consultant recommended that the Agency invest in equities as well. Such a diversification could avoid sharp decreases and sharp increases in performance, giving priority to the preservation of capital.

130. In 1988, a portfolio without equities could have by no means achieved good performance, because the value of bonds declined dramatically. These losses nearly equalized the Fund's interest earnings. In the same period, the values of equities increased more than ever during recent years. They nearly reached the value they had before the crash in October 1987. The Fund could not take advantage of this chance. The 1988 yield has, therefore, been the lowest since 1984. On the other hand, investments in equities would have reduced the 1987 result because, at that time, the value of bonds did not decrease and the crash only influenced the value of equities. As this example shows, constant growth requires the diversification of assets in order to get gains and losses balanced.

131. Furthmore, it must be emphasized that equities, although being subjected to higher volatility than bonds, outperform bonds in the long term (see also para. 83 of the report of the United Nations Joint Staff Pension Board for the year ended 31 December 1987). 2/

132. Management replied that the Provident Fund Advisory Committee had discussed the question of having equities, but had decided not to pursue the matter for the time being.

133. Since the only expert that had been consulted recommended that UNRWA should invest in equities, management's decision to the contrary does not seem to have a valid basis. If management does not want to invest in equities because of the inherent risk, they should take into account that the risk related to futures, warrants and options is much higher. In this context, it should be kept in mind that the United Nations Joint Staff Pension Fund also had an equity portion of 42 per cent at the end of March 1989.

Fund management and performance measurement system

134. Currently, the custodian, who is located in London, provides UNRWA with a yearly performance calculation and a monthly updated inventory of all securities held, both at cost and market value. This does not seem sufficient for effective fund management.

135. The data needed for management (daily transactions, including dates, quantities, prices and information concerning each security, current account statements, aggregate valuation of all securities held) should be available on screen at any time and at reasonable cost.

136. A performance measurement system that includes an analysis of various performance components (portfolio selection, different markets, effective investment allocation, currency policy) should be established.

2/ Official Records of the General Assembly, Forty-third Session, Supplement No. 9 (A/43/9), p. 18.

Acting in a transitional period

137. The recommended long-term portfolio structure requires significant changes in the allocation of investments. This realignment should be made on a continuous basis within a (for example five-year) transitional period. For tactical reasons, the pace of investing and disinvesting can be slowed down or accelerated depending on the market situation. The importance of the right timing for initiating equity investments needs to be underlined.

Guidelines

138. Investment guidelines for the managers should be further developed, defining investment objectives, allowed and excluded assets, benchmarks and the range of deviations after the transitional period asset classes, the quality of the assets and reporting and performance measurement.

Implementation of financial rule 114.1

139. We did not find indications that the present administrative procedures for enforcing personal responsibilities in breaches of discipline are inadequate.

Cases of fraud and presumptive fraud

140. A board of inquiry that was set up by the Director of UNRWA Operations in the West Bank discovered misappropriation of commodities.

Write-off of losses

141. Losses of equipment and non-consumable supplies fully charged to expenditure in prior years amounted to $68,415.

Comments on matters dealt with in the 1988 report

142. The Agency complied with the main recommendations included in the Board's 1988 report. 1/ Exceptions are mentioned under the appropriate headings in the course of the present report.

Acknowledgement

143. The Board of Auditors wishes to express its appreciation for the co-operation and assistance extended by the Commissioner-General, senior officers of UNRWA and members of their staff.

(Signed) O. T. PREMPEH
Auditor-General of Ghana

(Signed) Eufemio C. DOMINGO
Chairman, Commission on Audit
of the Philippines

(Signed) Heinz Günter ZAVELBERG
President of the Federal Court of Audit
of the Federal Republic of Germany

III. AUDIT OPINION

We have examined the following appended financial statements, numbered I to XXI properly identified, and relevant schedules of the United Nations Relief and Works Agency for Palestine Refugees in the Near East for the financial period ended 31 December 1989. Our examination included a general review and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

As a result of our examination, we are of the opinion that the financial statements present fairly the financial position as at the end of the period and the results of its operations for the period then ended.

The transactions were in accordance with the Financial Regulations and legislative authority.

(Signed) O. T. PREMPEH
Auditor-General of Ghana

(Signed) Eufenio C. DOMINGO
Chairman, Commission on Audit
of the Philippines

(Signed) Heinz Günter ZAVELBERG
President of the Federal
Court of Audit of the Federal
Republic of Germany

IV. CERTIFICATION OF THE FINANCIAL STATEMENTS

30 March 1990

I certify that the appended financial statements of the United Nations Relief and Works Agency for Palestine Refugees in the Near East, numbered I to XXI, are correct.

(Signed) Hans Christian CARS
Comptroller

V. FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1989

STATEMENT I

ALL FUNDS

Budget and expenditure for the year ended 31 December 1989

(United States dollars)

	Budget			Expenditure		
	Cash	In kind	Total	Cash	In kind	Total
GENERAL FUND						
Education services						
Elementary education	58 140 000	44 000	58 184 000	57 149 974	38 626	57 188 600
Preparatory education	35 456 000	28 000	35 484 000	34 489 565	16 174	34 505 739
Vocational and professional training	7 365 000	905 000	8 270 000	6 896 687	491 725	7 388 412
Other activities	4 238 000	735 000	4 973 000	4 130 982	819 915	4 950 897
Subtotal	105 199 000	1 712 000	106 911 000	102 667 208	1 366 440	104 033 648
Health services						
Medical services	23 861 000	782 000	24 643 000	22 572 039	639 661	23 211 700
Environmental sanitation	6 698 000	467 000	7 165 000	6 584 360	394 511	6 978 871
Subtotal	30 559 000	1 249 000	31 808 000	29 156 399	1 034 172	30 190 571
Relief services						
Shelter	893 000	256 000	1 149 000	816 400	206 525	1 022 925
Special hardship assistance	4 361 000	20 587 000	24 948 000	4 426 201	18 517 051	22 943 252
Relief and welfare services	4 479 000	15 000	4 494 000	3 959 317	14 680	3 973 997
Subtotal	9 733 000	20 858 000	30 591 000	9 201 918	18 738 256	27 940 174
Operational services						
Supply and transport services	10 883 000	253 000	11 136 000	10 756 951	40 260	10 797 211
Architecture and engineering services	4 852 000	-	4 852 000	4 561 048	-	4 561 048
Production and self-supporting units	37 000	-	37 000	418 378	-	418 378
Subtotal	15 772 000	253 000	16 025 000	15 736 377	40 260	15 776 637

STATEMENT I (continued)

	Budget			Expenditure		
	Cash	In kind	Total	Cash	In kind	Total
Common services						
General management	11 289 000	–	11 289 000	10 671 798	–	10 671 798
Administration	14 991 000	20 000	15 011 000	13 151 989	51 556	13 203 545
Subtotal	26 280 000	20 000	26 300 000	23 823 787	51 556	23 875 343
Total, General Fund	187 543 000	24 092 000	211 635 000	180 585 689	21 230 684	201 816 373
Funded ongoing activities						
Education services	5 790 000	95 000	5 885 000	4 739 464	–	4 739 464
Health services	5 228 000	11 558 000	16 786 000	5 822 001	9 644 657	15 466 658
Relief services	221 000	3 000	224 000	208 022	–	208 022
Operational services	5 000	–	5 000	6 321	–	6 321
Total, ongoing activities	11 244 000	11 656 000	22 900 000	10 775 808	9 644 657	20 420 465
Total, General Fund and funded ongoing activities	198 787 000	35 748 000	234 535 000	191 361 497	30 875 341	222 236 838
CAPITAL AND SPECIAL PROJECTS						
I. Funded						
Educational services	703 000	–	703 000	296 318	–	296 318
Health services	344 000	–	344 000	29 008	–	29 008
Relief services	201 000	–	201 000	140 854	–	140 854
Operational services	53 000	–	53 000	29 500	–	29 500
Common services	370 000	–	370 000	204 364	–	204 364
Total, funded	1 671 000	–	1 671 000	700 044	–	700 044

STATEMENT I (concluded)

	Budget			Expenditure		
	Cash	In kind	Total	Cash	In kind	Total
II. Unfunded						
Education services	7 006 000	–	7 006 000	–	–	–
Health services	2 080 000	–	2 080 000	–	–	–
Relief and social services	536 000	–	536 000	–	–	–
Operational services	–	–	–	–	–	–
Common services	50 000	–	50 000	–	–	–
Total, unfunded	9 672 000	–	9 672 000	–	–	–
Total, funded and unfunded	11 343 000	–	11 343 000	700 044	–	700 044
III. Funded in prior years						
Education services	9 020 000	–	9 020 000	3 336 351	–	3 336 351
Health services	1 753 000	–	1 753 000	727 713	–	727 713
Relief and social services	312 000	–	312 000	39 150	–	39 150
Operational services	26 000	–	26 000	20 450	–	20 450
Common services	1 222 000	–	1 222 000	1 060 073	–	1 060 073
Total, funded in prior years	12 333 000	–	12 333 000	5 183 737	–	5 183 737
Total, all capital and special projects	23 676 000	–	23 676 000	5 883 781	–	5 883 781
Total, regular programmes	222 463 000	35 748 000	258 211 000	197 245 278	30 875 341	228 120 619
LEBANON EMERGENCY (All funds)	22 024 000	–	22 024 000	8 608 995	2 260 299	10 869 294
EXTRAORDINARY MEASURES IN THE OCCUPIED TERRITORY (All funds)	29 865 000	–	29 865 000	20 732 673	2 751 206	23 483 879
EXPANDED PROGRAMME OF ASSISTANCE	20 869 000	–	20 869 000	2 535 474	–	2 535 474
Grand total	295 221 000	35 748 000	330 969 000	229 122 420	35 886 846	265 009 266

STATEMENT II

ALL FUNDS

Income and expenditure for the year ended 31 December 1989

(United States dollars)

1988		General Fund	Project Funds: Funded ongoing activities	Project Funds: Capital and Special Projects	Lebanon Emergency (All funds)	Extraordinary Measures in the Occupied Territory (All funds)	Expanded Programme of Assistance	Total
	INCOME							
188 538 935	Governments (schedules 2, 3, 7, 8, 9, 10, 11, 12 and 13)	157 809 656	7 030 652	1 721 723	2 532 430	11 700 305	5 759 864	186 554 630
33 079 262	Intergovernmental organizations (schedules 2, 3, 7, 8, 9, 10, 11, 12 and 13)	29 225 347	7 867 022	1 660	-	451 215	56 000	37 601 244
9 305 292	United Nations organizations (schedules 2, 3, 7, 8, 9, 10, 11, 12 and 13)	9 515 253	-	49 950	-	56 264	59 700	9 681 167
1 723 409	Non-governmental organizations (schedules 2, 3, 7, 8, 9, 10, 11, 12 and 13)	400 215	239 714	297 410	1 600 000	11 885 066	60 784	14 483 189
5 375 226	Other sources (schedules 2, 3, 7, 8, 9, 10, 11, 12 and 13)	1 829 085	1 755	2 683	1 763	-	-	1 835 286
(2 527 855)	Reallocation to Project Funds and emergency programmes (schedule 7)	(9 133 774)	-	-	-	-	-	(9 133 774)
4 685 508	Miscellaneous income (schedule 4)	7 677 935	-	-	-	-	-	7 677 935
885 914	Adjustment to prior years' income (schedule 5)	54 723	-	-	-	-	-	54 723
2 008 558	Exchange rate gains	4 437 933	-	-	-	-	-	4 437 933
243 074 249		201 816 373	15 139 143	2 073 426	4 134 193	24 092 850	5 936 348	253 192 333
230 874 648	EXPENDITURE	201 816 373	20 420 465	5 883 781	10 869 294	23 483 879	2 535 474	265 009 266
12 199 601	Excess of income over expenditure	-	(5 281 322)	(3 810 355)	(6 735 101)	608 971	3 400 874	(11 816 933)

STATEMENT III

ALL FUNDS

Assets and liabilities as at 31 December 1989

(United States dollars)

1988		General Fund	Project Funds: Funded ongoing activities	Project Funds: Capital and Special Projects	Lebanon Emergency (All funds)	Extraordinary Measures in the Occupied Territory (All funds)	Expanded Programme of Assistance	Total
	ASSETS							
78 067 552	Cash on hand and in banks	46 662 024	3 282 613	7 145 495	2 378 686	15 371 582	13 189 792	88 030 192
2 796 460	Accounts receivable after provision for uncollectible amounts	3 037 815	-	-	-	-	-	3 037 815
753 995	Prepaid expenses and advances to suppliers	611 546	25 517	-	-	1 951	-	639 014
323 908	Production units inventory	269 167	-	-	-	-	-	269 167
1 632 609	Due from Project Funds (statement VIII)	9 563 258	-	-	-	-	-	9 563 258
83 574 524		60 143 810	3 308 130	7 145 495	2 378 686	15 373 533	13 189 792	101 539 446
	LIABILITIES AND RESERVE							
	Liabilities							
15 327 445	Accounts payable	9 731 207	199 878	134 868	183 073	516 625	43 060	10 808 711
43 068	Food commodities borrowed	-	-	-	-	-	-	-
5 045 343	Reserve for unliquidated obligations	3 760 434	2 309 734	-	-	209 402	-	6 279 570
-	Reserve for goods-in-transit	10 468 550	220 934	70 046	114 985	1 230 828	660 699	12 766 042
-	Reserve for carry-forwards	2 847 750	10 437	2 874	-	-	-	2 861 061
4 492 534	Income received in advance	4 348 992	-	-	-	-	-	4 348 992
1 632 609	Due to General Fund	-	7 915 829	748 068	169 029	438	729 894	9 563 258
875	Due to Area Staff Provident Fund	40 303	-	-	-	-	-	40 303
26 541 874		31 197 236	10 656 812	955 856	467 087	1 957 293	1 433 653	46 667 937
29 274 736	Working capital (operating reserve) (statement VI)	28 946 574	-	-	-	-	-	28 946 574
	Fund balances (statements VIII, XII, XVI and XVIII)							
27 757 914		-	(7 348 682)	6 189 639	1 911 599	13 416 240	11 756 139	25 924 935
83 574 524		60 143 810	3 308 130	7 145 495	2 278 686	15 373 533	13 189 792	101 539 446

STATEMENT IV

GENERAL FUND

Income and expenditure for the year ended 31 December 1989

(United States dollars)

1988		Cash	In kind	Total
	INCOME			
186 899 620	Payments and deliveries received (schedules 2 and 3)	178 397 408	20 382 148	198 779 556
	Less:			
(2 277 855)	Reallocation to project funds and emergency programmes	(9 133 774)	-	(9 133 774)
-	Reallocation to General Fund in kind	(848 536)	848 536	-
4 685 508	Miscellaneous income (schedule 4)	7 677 935	-	7 677 935
885 914	Adjustments to prior years' income and expenditure (schedule 5)	54 723	-	54 723
2 008 558	Exchange rate gains	4 437 933	-	4 437 933
192 201 745		180 585 689	21 230 684	201 816 373
	EXPENDITURE			
188 746 621	General Fund (schedule 1)	180 585 689	21 230 684	201 816 373
3 455 124	Excess of income over expenditure	-	-	-

STATEMENT V

GENERAL FUND

Assets and liabilities as at 31 December 1989

(United States dollars)

1988			1989
	ASSETS		
40 288 662	Cash on hand and in banks		46 662 024
2 796 460	Accounts receivable	3 203 573	3 037 815
	Less: provision for uncollectible amounts	412 723	
745 921	Prepaid expenses and advances to suppliers		611 546
323 908	Production units inventory		269 167
1 632 609	Due from project funds (statements VIII, XII and XVI)		9 563 258
45 787 560			60 143 810
	LIABILITIES AND RESERVE		
	Liabilities		
13 822 000	Accounts payable		9 731 207
2 636 017	Reserve for unliquidated obligations		3 760 434
-	Reserve for goods-in-transit		10 468 550
-	Reserve for carry-forwards		2 847 750
10 864	Income received in advance		4 348 992
875	Due to Area Staff Provident Fund		40 303
43 068	Food commodities borrowed		-
16 512 824			31 197 236
	Reserve		
29 274 736	Working capital (operating reserve) (statement VI)		28 946 574
45 787 560	Total		60 143 810

STATEMENT VI

GENERAL FUND

Working capital (operating reserve) for the year ended 31 December 1989

(United States dollars)

1988		1989
25 835 121	Balance as at 1 January	29 274 736
	Add:	
3 455 124	Excess of income over expenditure	-
	Less:	
(15 509)	Fund adjustment	(328 162)
29 274 736	Balance as at 31 December	28 946 574

SCHEDULE 1

GENERAL FUND

Expenditure for the year ended 31 December 1989

(United States dollars)

	Cash	In kind	Total
EDUCATION SERVICES			
Elementary education	57 149 974	38 626	57 188 600
Preparatory education	34 489 565	16 174	34 505 739
Vocational and professional training			
Training conducted in UNRWA centres			
Siblin Training Centre	1 158 446	9 673	1 168 119
Damascus Vocational Training Centre	1 439 386	11 273	1 450 659
Wadi Seer Training Centre	1 536 010	146 444	1 682 454
Amman Training Centre	1 169 627	27 859	1 197 486
Kalandia Vocational Training Centre	1 033 575	37 586	1 071 161
Training subsidized outside UNRWA centres			
Trade training	28 515	-	28 515
University education			
University scholarships in Gaza	46 536	-	46 536
University scholarships in Lebanon	13 000	-	13 000
University scholarships in the Syrian Arab Republic	24 887	-	24 887
University scholarships in Jordan	97 282	-	97 282
University scholarships in the West Bank	44 201	-	44 201
Placement services	55 730	-	55 730
Common training costs	249 492	258 890	508 382
Other activities	4 130 982	819 915	4 950 897
Total, education services	102 667 208	1 366 440	104 033 648

SCHEDULE 1 (continued)

	Cash	In kind	Total
HEALTH SERVICES			
Medical services			
Pharmacy services	374 103	-	374 103
Laboratory services	468 693	23	468 716
Clinic services	10 924 588	214 448	11 139 036
Maternity centres	326 924	4 228	331 152
General hospitals	5 371 477	15 025	5 386 502
Tuberculosis control	152 747	12 858	165 605
Mental health	133 358	-	133 358
Dental care	736 354	2 256	738 610
School health services	275 156	-	275 156
Health education	190 391	-	190 391
Augusta Victoria Hospital	2 080 930	-	2 080 930
Administration	1 537 320	390 824	1 928 144
Environmental sanitation			
Surface-water drainage	296 854	-	296 854
Refuse and sewage disposal	5 484 276	169	5 484 445
Water supply	459 178	296 111	755 289
Insect and rodent control	58 092	11 951	70 043
Administration	285 958	86 279	372 237
Total, health services	29 156 399	1 034 172	30 190 571
RELIEF SERVICES			
Shelter			
Shelter construction and maintenance	361 176	-	361 176
Roads and camp improvements	455 057	-	455 057
Camp rentals	165	206 525	206 690
Special hardship assistance			
Cost of supplies	3 712 723	18 515 545	22 228 268
Distribution costs	646 723	1 507	648 230
Other costs	66 756	-	66 756

SCHEDULE 1 (continued)

	Cash	In kind	Total
Relief and welfare services			
Quality control	51 866	-	51 866
Eligibility and registration	743 246	-	743 246
Sewing centre instruction	559 248	13 858	573 106
Carpentry centre instruction	34 676	-	34 676
Youth activities	21 845	437	22 282
Women's activities	270 039	384	270 423
Training of handicapped youth	100 058	-	100 058
Income-generating project	206	-	206
Administration	2 178 134	-	2 178 134
Total, relief services	9 201 918	18 738 256	27 940 174
OPERATIONAL SERVICES			
Supply and transport services			
Supply warehousing	1 762 893	4 958	1 767 851
Vehicle maintenance	1 169 031	209	1 169 240
Passenger transport	3 034 953	-	3 034 953
Freight transport	1 880 474	35 010	1 915 484
Port operations	1 078 677	-	1 078 677
Administration	1 830 925	83	1 831 008
Architectural and engineering services	4 561 047	-	4 561 047
Production units and capital costs	418 377	-	418 377
Total, operational services	15 736 377	40 260	15 776 637
COMMON SERVICES			
General management			
Agency administration	1 125 466	-	1 125 466
Field office administration	1 946 553	-	1 946 553
Area administration	1 026 106	-	1 026 106
Camp services administration	565 647	4	565 651
Public information services	1 745 667	-	1 745 667
External relations	551 635	-	551 635
Programme planning and evaluation services	443 192	-	443 192
Internal and external audit services	845 470	-	845 470
Legal services	636 827	-	636 827
New York liaison office	198 510	-	198 510
Cairo office	45 109	-	45 109
Riyad liaison office	8 785	-	8 785
Larnaca office	86 456	-	86 456

SCHEDULE 1 (concluded)

	Cash	In kind	Total
Administration			
Personnel services	2 685 751	-	2 685 751
Administrative services	4 924 913	216	4 925 129
Finance services	3 318 329	-	3 318 329
Data-processing services	2 868 805	51 336	2 920 141
Protective services	1 447 298	-	1 447 298
Building maintenance services	107 555	-	107 555
Training of staff	302 991	-	302 991
Income programme support	(1 057 278)	-	(1 057 278)
Total, common services	23 823 787	51 556	23 875 343
Grand total	180 585 689	21 230 684	201 816 373

SCHEDULE 2

GENERAL FUND

Report on cash contributions as at 31 December 1989

(United States dollars)

Donor	Comments	Local currency		United States dollars		
		Pledged	Received	Received	Outstanding	Anticipated income
Governments						
Australia		2 000 000	2 000 000	1 738 600	–	1 738 600
		3 264	3 264	3 264	–	3 264
Austria		145 000	145 000	145 000	–	145 000
Bahamas		1 000	1 000	1 000	–	1 000
Bahrain		15 000	15 000	15 000	–	15 000
	Balance as at 1 January 1989	15 000	15 000	15 000	–	15 000
Bangladesh	Balance as at 1 January 1989	5 000	–	–	5 000	5 000
Barbados		1 000	1 000	1 000	–	1 000
Belgium		18 000 000	18 000 000	455 696	–	455 696
Brazil		10 000	–	–	10 000	10 000
Brunei Darussalam		10 000	10 000	10 000	–	10 000
Cameroon	Balance as at 1 January 1989	6 000	–	–	6 000	6 000
	Pledged for 1989	3 506	3 506	3 506	–	3 506
Canada		9 500 000	9 500 000	8 119 658	–	8 119 658
		16 119	16 119	16 119	–	16 119
		7 792	7 792	7 792	–	7 792
	Balance as at 1 January 1989	1 331 023	1 331 023	1 331 023	–	1 331 023
	Canadian Embassy, Jordan	3 983	3 983	3 983	–	3 983
Chile		5 000	–	–	5 000	5 000
	Balance as at 1 January 1989	5 000	5 000	5 000	–	5 000
China		50 000	50 000	50 000	–	50 000
Colombia		2 095	2 095	2 095	–	2 095
	Balance as at 1 January 1989	2 000	2 000	2 000	–	2 000
Cyprus		2 210	2 210	2 210	–	2 210
	Balance as at 1 January 1989	2 297	2 297	2 297	–	2 297
Denmark		14 000 000	14 000 000	2 015 039	–	2 015 039

SCHEDULE 2 (continued)

Donor	Comments	Local currency		United States dollars		
		Pledged	Received	Received	Outstanding	Anticipated income
Governments (continued)						
Egypt		10 000	–	–	3 861	3 861
	Balance as at 1 January 1989	8 853	8 853	8 853	–	8 853
Finland		9 000 000	9 000 000	2 098 269	–	2 098 269
France		4 000 000	4 000 000	905 231	–	905 231
Germany, Federal Republic of		9 580 000	9 580 000	1 532 800	–	1 532 800
Greece		3 000 000	3 000 000	1 630 435	–	1 630 435
Holy See		3 656 410	3 656 410	3 656 410	–	3 656 410
		75 000	75 000	75 000	–	75 000
		5 000	5 000	5 000	–	5 000
		15 000	15 000	15 000	–	15 000
	Balance as at 1 January 1989	2 500	2 500	2 500	–	2 500
	Additional balance at 1 January 1989	12 000	12 000	12 000	–	12 000
		9 500	9 500	9 500	–	9 500
Iceland		198 000	198 000	15 714	–	15 714
India		15 349	15 349	15 349	–	15 349
	Balance as at 1 January 1989	8 000	–	–	8 000	8 000
Indonesia		8 000	8 000	8 000	–	8 000
	Balance as at 1 January 1989	30 000	30 000	30 000	–	30 000
Iran (Islamic Republic of)		30 000	–	–	30 000	30 000
	Balance as at 1 January 1989	102 888	102 888	102 888	–	102 888
Ireland		9 171 723	9 171 723	9 171 723	–	9 171 723
Italy		3 093	3 093	3 093	–	3 093
Jamaica		10 000 000	10 000 000	10 000 000	–	10 000 000
Japan		10 000	10 000	10 000	–	10 000
Korea		1 000 000	1 000 000	1 000 000	–	1 000 000
Kuwait		1 000 000	–	–	1 000 000	1 000 000
Libyan Arab Jamahiriya		10 380	10 380	10 380	–	10 380
Luxembourg		10 380	10 380	10 380	–	10 380
	Balance as at 1 January 1989	10 000	10 000	10 000	–	10 000
Malaysia		1 000	1 000	1 000	–	1 000
Maldives						

SCHEDULE 2 (continued)

Donor	Comments	Local currency		United States dollars		
		Pledged	Received	Received	Outstanding	Anticipated income
Governments (continued)						
Malta		1 111	1 111	1 111	–	1 111
Mauritius		1 148	1 148	1 148	–	1 148
Mexico		3 000	3 000	3 000	–	3 000
Monaco		21 179	21 179	3 180	–	3 180
Myanmar		1 000	1 000	1 000	–	1 000
Netherlands		2 770 602	2 770 602	2 770 602	–	2 770 602
New Zealand		70 776	70 776	70 776	–	70 776
Norway		64 000 000	64 000 000	9 214 578	–	9 214 578
Oman	Balance as at 1 January 1989	25 000	–	–	25 000	25 000
Pakistan		350 000	350 000	18 000	–	18 000
		215	215	215	–	215
Philippines		2 000	2 000	2 000	–	2 000
	Balance as at 1 January 1989	2 000	–	–	2 000	2 000
Portugal		25 000	25 000	25 000	–	25 000
	Balance as at 1 January 1989	15 000	15 000	15 000	–	15 000
Qatar		100 000	100 000	100 000	–	100 000
	Balance as at 1 January 1989	100 000	100 000	100 000	–	100 000
Saudi Arabia		1 200 000	1 200 000	1 200 000	–	1 200 000
Senegal		2 000	–	–	2 000	2 000
Spain		1 709 511	1 709 511	1 709 511	–	1 709 511
	Balance as at 1 January 1989	437 090	437 090	437 090	–	437 090
Sweden		90 000 000	90 000 000	13 976 000	–	13 976 000
		657	657	657	–	657
Switzerland		3 200 000	3 200 000	1 939 393	–	1 939 393
Thailand		360 500	360 500	14 000	–	14 000
		38	38	38	–	38
Tunisia		9 419	9 419	9 419	–	9 419
Turkey		35 000	35 000	35 000	–	35 000
United Kingdom of Great Britain and Northern Ireland		8 682 840	8 682 840	8 682 840	–	8 682 840
		438 596	438 596	438 596	–	438 596

SCHEDULE 2 (continued)

Donor	Comments	Local currency		United States dollars		
		Pledged	Received	Received	Outstanding	Anticipated income
Governments (continued)						
United States of America		61 300 000	61 300 000	61 300 000	-	61 300 000
Uruguay	Balance as at 1 January 1989	1 000	-	-	1 000	1 000
Venezuela	Balance as at 1 January 1989	10 000	10 000	10 000	-	10 000
Total for Governments				146 362 961	1 097 861	147 460 822
Intergovernmental organizations						
European Community	Education programme	22 141 859	22 141 859	22 141 859	-	22 141 859
Total for intergovernmental organizations				22 141 859	-	22 141 859
United Nations organizations						
United Nations		7 835 616	7 776 538	7 776 538	59 078	7 835 616
	Balance as at 1 January 1989	13 462	13 462	13 462	-	13 462
Total for United Nations organizations				7 790 000	59 078	7 849 078
Non-governmental organizations						
Australian Care for Refugees (AUSTCARE)	Operating costs Deil-el-Balah Health Centre	12 314	12 314	12 314	-	12 314
National Federation of UNESCO Association, Japan	Post-secondary Professional education	1 178	1 178	1 178	-	1 178
	Post-secondary Professional education	4 386	4 386	4 386	-	4 386
Nagano Nanshin		11 000	11 000	76	-	76

SCHEDULE 2 (concluded)

Donor	Comments	Local currency		United States dollars		
		Pledged	Received	Received	Outstanding	Anticipated income
Non-governmental organizations (continued)						
Netherlands						
UNESCO 5000 UNUMS		5 000	5 000	5 000	-	5 000
Save the Children Fund	For midwifery training	6 745	6 745	6 745	-	6 745
Summary non-governmental organizations		243 805	243 805	243 805	-	243 805
Total for non-governmental organizations				273 504	-	273 504
Other sources						
Miscellaneous		329 085	329 085	329 085	-	329 085
Palestine		1 500 000	1 500 000	1 500 000	-	1 500 000
Turkish Cypriot people	Balance as at 1 January 1989	4 000	-	-	4 000	4 000
Total for other sources				1 829 085	4 000	1 833 085
Total, schedule 2				178 397 408	1 160 939	179 558 347

SCHEDULE 3

GENERAL FUND

Report on in-kind contributions as at 31 December 1989

(United States dollars)

Donor	Comments	Local currency		United States dollars		
		Pledged	*Received*	*Received*	Outstanding	Anticipated income
Governments						
Cuba	Balance as at 1 January 1989	166 990	166 990	166 990	–	166 990
France	Rent	1 469	1 469	1 469	–	1 469
India	Medical supplies	890	890	890	–	890
Israel	Water	68 900	68 900	68 900	–	68 900
Japan	Flour	5 714 273	2 887 511	2 887 511	2 826 762	5 714 273
	Wadi Seer Training Centre, Jordan	121 298	121 298	121 298	–	121 298
	For 1987	2 882 440	2 870 417	2 870 417	12 023	2 882 440
	For 1988 – shipping	3 051 140	3 041 633	3 041 633	9 507	3 051 140
	For 1988	464 627	464 627	464 627	–	464 627
	Technical equipment	24 870 121	–	–	176 384	176 384
Jordan	Rent	107 513	107 513	107 513	–	107 513
	Water	227 124	227 124	227 124	–	227 124
Lebanon	Rental of laboratory and X-ray equipment	365	365	365	–	365
Sri Lanka	Tea	2 000	2 000	2 000	–	2 000
Switzerland	Flour (4,000 tons)	1 697 000	1 414 506	1 414 506	282 494	1 697 000
	Flour	5 437	–	–	5 437	5 437
Syrian Arab Republic	Rent	45 800	45 800	45 800	–	45 800
	Porterage costs – 1988	1 164	1 164	1 164	–	1 164
	Transport costs – 1988	3 889	3 889	3 889	–	3 889
	Porterage costs – 1989	8 377	6 823	6 823	1 554	8 377
	Transport costs – 1989	28 223	11 520	11 520	16 703	28 223
United Kingdom Embassy	Medical supplies	2 256	2 256	2 256	–	2 256
Total for Governments				11 446 695	3 330 864	14 777 559

SCHEDULE 3 (continued)

Donor	Comments	Local currency		United States dollars		
		Pledged	Received	Received	Outstanding	Anticipated income
Intergovernmental organizations						
European Community	Food commodities	11 408 434	1 083 882	1 083 882	10 324 552	11 408 434
	Distribution costs	390 000	371 000	411 000	22 892	433 892
	Balance as at 1 January 1989	19 908	19 908	19 908	-	19 908
	Balance as at 1 January 1989	21 140	21 140	21 140	-	21 140
	Balance as at 1 January 1989	636 111	636 111	636 111	-	636 111
	Balance as at 1 January 1989	150 799	150 799	150 799	-	150 799
	Balance as at 1 January 1989	1 658 818	1 658 818	1 658 818	-	1 658 818
	Balance as at 1 January 1989	1 288 953	1 288 953	1 288 953	-	1 288 953
	Balance as at 1 January 1989	248 446	248 446	248 446	-	248 446
	Balance as at 1 January 1989	10 349	10 349	10 349	-	10 349
	Balance as at 1 January 1989	649 772	649 772	649 772	-	649 772
	Balance as at 1 January 1989	283 721	283 721	283 721	-	283 721
	Balance as at 1 January 1989	277 780	277 780	277 780	-	277 780
	Balance as at 1 January 1989	271 667	271 667	271 667	-	271 667
	Balance as at 1 January 1989	459 336	71 142	71 142	388 194	459 336
	Balance as at 1 January 1989	477 507	-	-	477 507	477 507
	Balance as at 1 January 1989	1 125 048	-	-	1 125 048	1 125 048
	Balance as at 1 January 1989	1 339 880	-	-	1 339 880	1 339 880
	Balance as at 1 January 1989	37 795	-	-	37 795	37 795
	Balance as at 1 January 1989	101 671	-	-	101 671	101 671
Total for intergovernmental organizations				7 083 488	13 817 539	20 901 027

SCHEDULE 3 (continued)

Donor	Comments	Local currency		United States dollars		
		Pledged	Received	Received	Outstanding	Anticipated income
United Nations organizations						
UNESCO	Staff services	1 056 012	1 056 012	1 056 012	-	1 056 012
UNICEF	Medical supplies	3 498	3 498	3 498	-	3 498
	Medical supplies	2 351	2 351	2 351	-	2 351
	Medical supplies	117 794	117 794	117 794	-	117 794
	Medical supplies	1 129	1 129	1 129	-	1 129
	Medical supplies	3 507	3 507	3 507	-	3 507
	Medical supplies	1 430	1 430	1 430	-	1 430
	Medical supplies	1 310	1 310	1 310	-	1 310
	Medical supplies	500	-	-	500	500
	Medical supplies	3 040	-	-	3 040	3 040
	Medical supplies	11 118	11 118	11 118	-	11 118
WHO	Staff services	477 104	477 104	477 104	-	477 104
	Specialized care	30 000	30 000	30 000	-	30 000
	Microcomputer	20 000	20 000	20 000	-	20 000
Total for United Nations organizations				1 725 253	3 540	1 728 793

SCHEDULE 3 (concluded)

Donor	Comments	Local currency		United States dollars		
		Pledged	Received	Received	Outstanding	Anticipated income
Non-governmental organizations						
ANERA	Medical supplies	180	180	180	-	180
Ciba-Geigy	Medical supplies	943	943	943	-	943
Indian Red Cross	Medical supplies	3 963	3 963	3 963	-	3 963
	Medical supplies	3 370	3 370	3 370	-	3 370
	Medical supplies	2 985	2 985	2 985	-	2 985
	Sports clothing	41 243	41 243	41 243	-	41 243
Summary non-governmental organizations		73 547	73 547	73 547	-	73 547
	Sundry donors - rent	120	120	120	-	120
	Medical supplies	360	360	360	-	360
Total for non-governmental organizations				126 711	-	126 711
Total, schedule 3				20 382 148	17 151 943	37 534 090
Total, schedules 2 and 3				198 779 556	18 312 882	217 092 438

SCHEDULE 4

GENERAL FUND

Miscellaneous income for the year ended
31 December 1989

(United States dollars)

Description	Amount
Bank interest	7 279 990
Sale of empty containers and unserviceable property	33 192
Reimbursement of Area Staff Provident Fund administration costs	190 500
Profit on income-producing activities (schedule 6)	25 536
Overheads recovered on procurement for other parties	42 147
Sale of used vehicles and equipment	40 896
Other sources	65 674
Total	7 677 935

SCHEDULE 5

GENERAL FUND

Adjustments to prior years' income and expenditure
for the year ended 31 December 1989

(United States dollars)

Description	Amount
Contributions	1 738 303
Accounts receivable	(6 553)
Prior years' inventories	(2 663)
Savings, prior years	(1 315 664)
Accounts payable	(470 439)
Provident Fund benefits	2 410
Separation benefits and wages	(117)
Total	(54 723)

SCHEDULE 6

GENERAL FUND

Production and sales for the year ended 31 December 1989

(United States dollars)

Accounts	Embroidery centre	Carpentry unit	Printing unit	Bakery	Greeting cards and calendars	Total
Sales						
External	99 658	432 223	215 316	67 870	9 979	825 046
Internal	-	-	-	-	-	-
	99 658	432 223	215 316	67 870	9 979	825 046
Costs of sales						
Oncost	103 770	359 352	87 319	67 870	6 199	624 510
Capital	-	-	175 000	-	-	175 000
	103 770	359 352	262 319	67 870	6 199	799 510
Profit (loss) for the year	(4 112)	72 871	(47 003)	-	3 780	25 536

STATEMENT VII

PROJECT FUNDS

Income and expenditure for the year ended 31 December 1989

(United States dollars)

Project	Fund balance 1 January 1989	Contributions			Subtotal	Expenditure			Fund adjustment	Fund balance 31 December 1989
		Cash	In kind	Total		Cash	In kind	Total		
FUNDED ONGOING ACTIVITIES										
Supplementary feeding	(1 888 353)	-	9 644 657	9 644 657	7 756 304	5 690 324	9 644 657	15 334 981	(1 009 847)	(8 588 524)
Mobile health team, Gaza	(36 553)	73 748	-	73 748	37 195	179 604	-	179 604	(37 195)	(179 604)
Qalqilia Hospital, West Bank	124 820	-	-	-	124 820	35 618	-	35 618	-	89 202
Gaza Centre for the Blind	(80 000)	83 845	-	83 845	3 845	208 022	-	208 022	204 177	-
Ramallah Training Centre	417 347	3 455 737	-	3 455 737	3 873 084	2 720 014	-	2 720 014	26 753	1 179 823
University scholarships, ARAMCO	54 128	58 500	-	58 500	112 628	78 814	-	78 814	-	33 814
Mobile dental clinic, Jordan	14 425	13 355	-	13 355	27 780	13 937	-	13 937	-	13 843
Dental clinic - Amman Polyclinic	6 279	12 111	-	12 111	18 390	13 943	-	13 943	-	4 447
Vocational Training Centre, Gaza	152 834	1 797 190	-	1 797 190	1 950 024	1 835 532	-	1 835 532	(16 175)	98 317
Subtotal	(1 235 073)	5 494 486	9 644 657	15 139 143	13 904 070	10 775 808	9 644 657	20 420 465	(832 287)	(7 348 682)
CAPITAL AND SPECIAL PROJECTS										
School sanitary facilities, Gaza	7 688	-	-	-	7 688	1 588	-	1 588	467	6 567
Yarmouk School, Syrian Arab Republic and Agrabariyeh School, West Bank	-	-	-	-	-	244 896	-	244 896	-	(244 896)
School construction, West Bank	(264 574)	-	-	-	(264 574)	75 911	-	75 911	348 742	8 257
Income-generating project, Gaza	7 235	28 040	-	28 040	35 275	34 517	-	34 517	-	758
Income-generating project, West Bank	4 760	31 440	-	31 440	36 200	25 922	-	25 922	-	10 278
School construction, Gaza	65 133	-	-	-	65 133	64 903	-	64 903	-	230
Husn Centre for the Disabled, Jordan	710	14 976	-	14 976	15 686	15 631	-	15 631	-	55
Income-generating projects, Jordan	-	-	-	-	-	3 395	-	3 395	-	(3 395)

STATEMENT VII (continued)

Project	Fund balance 1 January 1989	Contributions			Subtotal	Expenditure			Fund adjustment	Fund balance 31 December 1989
		Cash	In kind	Total		Cash	In kind	Total		
Multi-purpose community centre, Lebanon	(30 099)	-	-	-	(30 099)	-	-	-	10 044	(20 055)
Self-help project, West Bank	(11 320)	-	-	-	(11 320)	-	-	-	11 320	-
OPEC-Phase V	16 299	-	-	-	16 299	1 242	-	1 242	(32 598)	(17 541)
OPEC-Phase III	1 117	-	-	-	1 117	-	-	-	-	1 117
OPEC-Phase II	(24 993)	-	-	-	(24 993)	-	-	-	-	(24 993)
OPEC-Phase IV	18 719	-	-	-	18 719	7 067	-	7 067	(10 435)	1 217
School construction - boys, Jordan	86 122	-	-	-	86 122	6 339	-	6 339	-	79 783
EC fellowships, Gaza	1 383	-	-	-	1 383	-	-	-	-	1 383
Miscellaneous projects	202 084	-	-	-	202 084	13 876	-	13 876	(14 318)	173 890
School construction, Ya'bad, West Bank	(53 520)	-	-	-	(53 520)	147 283	-	147 283	166 001	(34 802)
Baqa'a Centre for the Disabled	12 505	-	-	-	12 505	16 420	-	16 420	-	(3 915)
OPEC-Phase VI	(14 149)	-	-	-	(14 149)	13 680	-	13 680	29 999	2 170
School buildings and facilities, Gaza	1 054 639	-	-	-	1 054 639	490 237	-	490 237	-	564 402
Specialist Baqa'a clinic	(4 417)	17 054	-	17 054	12 637	15 182	-	15 182	-	(2 545)
Health Centre Baqa'a Camp, Jordan	4 961	-	-	-	4 961	1 377	-	1 377	(3 584)	-
Health Sub-Centre, Marka Camp	2 637	-	-	-	2 637	1 451	-	1 451	(1 186)	-
School sanitary facilities, Gaza	(106 983)	15 927	-	15 927	(91 056)	144 699	-	144 699	-	(235 755)
Bureij Co-education school, Gaza	12 094	-	-	-	12 094	12 094	-	12 094	-	-
New Gaza Preparatory Boys' School	(13 608)	-	-	-	(13 608)	17 980	-	17 980	-	(31 588)
Water and sewage line for special hardship cases	(42)	-	-	-	(42)	12 828	-	12 828	-	(12 870)
School construction - girls, Jordan	495 731	-	-	-	495 731	91 811	-	91 811	-	403 920
Maghazi Women's Sewing Centre, Gaza	(7 700)	-	-	-	(7 700)	11 352	-	11 352	-	(19 052)
Miscellaneous construction, 1984	180 486	-	-	-	180 486	37 724	-	37 724	-	142 762
Gaza Town health centre	226 382	48 101	-	48 101	274 483	178 796	-	178 796	(5 636)	90 051
Environmental sanitary project	663 231	231 522	-	231 522	894 753	408 686	-	408 686	-	486 067
Canadian International Development Agency (CIDA) project, 1988	315 567	-	-	-	315 567	154 099	-	154 099	80 662	242 130
Waqqas Community Centre for the Disabled	-	27 681	-	27 681	27 681	-	-	-	-	27 681
Baqa'a Elementary Boys School, Jordan	-	666 886	-	666 886	666 886	663 405	-	663 405	-	3 481
Upgrading the Vocational Training Centre, Gaza	145 952	1 660	-	1 660	147 612	351 683	-	351 683	232 468	28 397

STATEMENT VII (continued)

Project	Fund balance 1 January 1989	Contributions			Subtotal	Expenditure			Fund adjustment	Fund balance 31 December 1989
		Cash	In kind	Total		Cash	In kind	Total		
Combating Illiteracy for Women, Syrian Arab Republic	-	2 240	-	2 240	2 240	3 591	-	3 591	-	(1 351)
Eye Diseases Clinic, Gaza	11 566	-	-	-	11 566	1 964	-	1 964	-	9 602
Construction of School in Yarmouk	294 732	-	-	-	294 732	274 986	-	274 986	-	19 746
Maternal and child health sub-centres, Beach, Nuseirat and Khuzaa	30 000	-	-	-	30 000	-	-	-	-	30 000
Sub-feeding Centres, Gaza Town	17 270	-	-	-	17 270	-	-	-	-	17 270
English language training, Gaza	(1 053)	-	-	-	(1 053)	12 971	-	12 971	-	(14 024)
Slow learners project, Jordan	40 000	-	-	-	40 000	35 583	-	35 583	-	4 417
Market Study - Palestinian Embroidery	-	-	-	-	-	15 077	-	15 077	-	(15 077)
Women's Program Centre, Zaka	37 208	-	-	-	37 208	18 459	-	18 459	-	18 749
Arrabieh School, West Bank	-	-	-	-	-	117 801	-	117 801	100 000	(17 801)
University Scholarship - Switzerland	-	181 818	-	181 818	181 818	21 151	-	21 151	-	160 667
Jarash health clinic, construction	81 239	135 000	-	135 000	216 239	117 321	-	117 321	-	98 918
Jarash community project, Jordan	(6 235)	13 312	-	13 312	7 077	19 060	-	19 060	-	(11 983)
Junior Professional Officer - Japan	77 288	109 846	-	109 846	187 134	133 451	-	133 451	-	53 683
Junior Professional Officer - UNDP	-	49 950	-	49 950	49 950	49 950	-	49 950	-	-
Junior Professional Officer - Sweden	-	48 901	-	48 901	48 901	42 865	-	42 865	-	6 036
Suf community project, Jordan	(3 463)	14 422	-	14 422	10 959	22 320	-	22 320	-	(11 361)
Sur Baher, West Bank	360 400	434 650	-	434 650	795 050	175 458	-	175 458	-	619 592
Sewing Centre, Shatila, Lebanon	6 388	-	-	-	6 388	-	-	-	-	6 388
Sewing Centre, Askar Camp, West Bank	12 235	-	-	-	12 235	9 339	-	9 339	-	2 896
Subtotal	3 951 605	2 073 426	-	2 073 426	6 025 031	4 337 421	-	4 337 421	911 946	2 599 556

STATEMENT VII (concluded)

Project	Fund balance 1 January 1989	Contributions			Subtotal	Expenditure			Fund adjustment	Fund balance 31 December 1989
		Cash	In kind	Total		Cash	In kind	Total		
FUNDED FROM:										
GENERAL FUND										
Marka Elementary Boys' School	-	-	-	-	-	-	-	-	675 000	675 000
Souf Preparatory Girls' School	-	-	-	-	-	-	-	-	600 000	600 000
New Field Office in Syrian Arab Republic	1 060 071	-	-	-	1 060 071	1 060 073	-	1 060 073	-	(2)
Muzeireib School in Syrian Arab Republic	169 667	-	-	-	169 667	226 533	-	226 533	-	(56 866)
Wadi Seer School in Jordan	511 267	-	-	-	511 267	5 913	-	5 913	-	505 354
Waqqas School in Jordan	582 983	-	-	-	582 983	191 387	-	191 387	-	391 596
Move of Education Development Centre to Amman Training Centre	177 455	-	-	-	177 455	-	-	-	-	177 455
Construction to avoid triple shift, Syrian Arab Republic	103 000	-	-	-	103 000	29 584	-	29 584	-	73 416
Construction to avoid triple shift, Jordan Field Office	21 000	-	-	-	21 000	5 270	-	5 270	-	15 730
Construction to avoid triple shift, West Bank	68 000	-	-	-	68 000	4 338	-	4 338	-	63 662
Construction of Preparatory Girls' School, Baq'a	860 000	-	-	-	860 000	1 208	-	1 208	-	858 792
Construction to avoid triple shift, Gaza	308 000	-	-	-	308 000	22 054	-	22 054	-	285 946
Subtotal	3 861 443	-	-	-	3 861 443	1 546 360	-	1 546 360	1 275 000	3 590 083
School voluntary contributions:										
Schools	-	366 694	-	366 694	366 694	-	-	-	-	366 694
Canteens	-	192 316	-	192 316	192 316	-	-	-	-	192 316
Expenditure	-	-	-	-	-	302 650	-	302 650	(256 360)	(559 010)
Subtotal	-	559 010	-	559 010	559 010	302 650	-	302 650	(256 360)	-
Total	6 577 975	8 126 922	9 644 657	17 771 579	24 349 554	16 962 239	9 644 657	26 606 896	1 098 299	(1 159 043)

STATEMENT VIII

PROJECT FUNDS

Assets and liabilities as at 31 December 1989

(United States dollars)

Project	Cash on hand	Pre-payments	Total	Accounts payable	Reserve for unliquidated obligations	Reserve for carry-forwards	Reserve for goods-in-transit	Due to General Fund	Total liabilities	Fund balance 31 December 1989
FUNDED ONGOING ACTIVITIES										
Supplementary feeding	-	-	-	157 466	674 153	6 000	14 680	7 736 225	8 588 524	(8 588 524)
Mobile health team, Gaza	-	-	-	-	-	-	-	179 604	179 604	(179 604)
Qalqilia Hospital, West Bank	89 202	-	89 202	-	-	-	-	-	-	89 202
Gaza Centre for the Blind	37 270	-	37 270	2 593	33 743	934	-	-	37 270	-
Ramallah training centre	2 516 469	24 542	2 541 011	8 836	1 275 677	-	76 675	-	1 361 188	1 179 823
University scholarships, ARAMCO	47 882	975	48 857	11 540	-	3 503	-	-	15 043	33 814
Mobile dental clinic, Jordan	13 843	-	13 843	-	-	-	-	-	-	13 843
Dental clinic - Amman Polyclinic	4 447	-	4 447	-	-	-	-	-	-	4 447
Vocational training centre, Gaza	573 500	-	573 500	19 443	326 161	-	129 579	-	475 183	98 317
Subtotal	3 282 613	25 517	3 308 130	199 878	2 309 734	10 437	220 934	7 915 829	10 656 812	(7 348 682)
CAPITAL AND SPECIAL PROJECTS										
School sanitary facilities, Gaza	6 567	-	6 567	-	-	-	-	-	-	6 567
Yarmouk School, Syrian Arab Republic and Aqrabanieh School, West Bank	-	-	-	-	-	-	-	244 896	244 896	(244 896)
School construction, West Bank	34 975	-	34 975	-	-	-	26 718	-	26 718	8 257
Income-generating project, Gaza	981	-	981	-	-	-	223	-	223	758
Income-generating project, West Bank	11 951	-	11 951	1 510	-	-	163	-	1 673	10 278
School construction, Gaza	230	-	230	-	-	-	-	-	-	230

STATEMENT VIII (continued)

Project	Cash on hand	Pre-payments	Total	Accounts payable	Reserve for unliquidated obligations	Reserve for carry-forwards	Reserve for goods-in-transit	Due to General Fund	Total liabilities	Fund balance 31 December 1989
Husn Centre for the Disabled	1 029	-	1 029	-	-	974	-	-	974	55
Income-generating projects, Jordan	-	-	-	-	-	-	-	3 395	3 395	(3 395)
Multi-purpose Community Centre, Lebanon	-	-	-	-	-	-	-	20 055	20 055	(20 055)
Self-help project, West Bank	-	-	-	-	-	-	-	-	-	-
OPEC-Phase V	-	-	-	-	-	-	-	17 541	17 541	(17 541)
OPEC-Phase III	1 117	-	1 117	-	-	-	-	-	-	1 117
OPEC-Phase II	-	-	-	7	-	-	-	24 986	24 993	(24 993)
OPEC-Phase IV	1 217	-	1 217	-	-	-	-	-	-	1 217
School construction - Boys, Jordan	79 783	-	79 783	-	-	-	-	-	-	79 783
EC Fellowships, Gaza	1 383	-	1 383	-	-	-	-	-	-	1 383
Miscellaneous projects	173 890	-	173 890	-	-	-	-	-	-	173 890
School Construction, Ya'bed, West Bank	-	-	-	-	-	-	-	34 802	34 802	(34 802)
Baqa'a Centre for Disabled	-	-	-	-	-	-	-	3 915	3 915	(3 915)
OPEC-Phase VI	2 170	-	2 170	-	-	-	-	-	-	2 170
School building and facilities, Gaza	572 465	-	572 465	4 978	-	-	3 085	-	8 063	564 402
Specialist Baqa'a Clinic	-	-	-	-	-	-	-	2 545	2 545	(2 545)
Health Centre Baqa'a Camp, Jordan	-	-	-	-	-	-	-	-	-	-
Health Sub-Centre Marka Camp	-	-	-	-	-	-	-	-	-	-
School Sanitary Facilities, Gaza	-	-	-	15 262	-	-	1 261	219 232	235 755	(235 755)
Bureij Co-education School, Gaza	-	-	-	-	-	-	-	-	-	-
New Gaza Preparatory Boys' School	-	-	-	-	-	-	-	31 588	31 588	(31 588)

STATEMENT VIII (continued)

Project	Cash on hand	Pre-payments	Total	Accounts payable	Reserve for unliquidated obligations	Reserve for carry-forwards	Reserve for goods-in-transit	Due to General Fund	Total liabilities	Fund balance 31 December 1989
Water and sewage lines for Special Hardship Cases	-	-	-	-	-	-	-	12 870	12 870	(12 870)
School construction for Girls' School, Jordan	403 920	-	403 920	-	-	-	-	-	-	403 920
Maghazi Women's Sewing Centre, Gaza	-	-	-	-	-	-	-	19 052	19 052	(19 052)
Miscellaneous construction, 1984	142 762	-	142 762	-	-	-	-	-	-	142 762
Gaza Town Health Centre	92 387	-	92 387	1 229	-	-	1 107	-	2 336	90 051
Environment sanitary project	506 735	-	506 735	20 668	-	-	-	-	20 668	486 067
CIDA project, 1988	318 167	-	318 167	72 952	-	-	3 085	-	76 037	242 130
Waqqas Community Centre for Disabled	27 681	-	27 681	-	-	-	-	-	-	27 681
Baqa'a Elementary Boys' School, Jordan	5 159	-	5 159	-	-	-	1 678	-	1 678	3 481
Upgrading vocational training centre, Gaza	28 397	-	28 397	-	-	-	-	-	-	28 397
Combating illiteracy for women, Syrian Arab Republic	-	-	-	-	-	-	-	1 351	1 351	(1 351)
Eye Diseases Clinic	9 602	-	9 602	-	-	-	-	-	-	9 602
Construction of School at Yarmouk	19 746	-	19 746	-	-	-	-	-	-	19 746
Maternal and child health sub-centres - Beach, Nuseirat and Khuzaa	30 000	-	30 000	-	-	-	-	-	-	30 000
Sub-feeding centres, Gaza Town	17 270	-	17 270	-	-	-	-	-	-	17 270
English language training, Gaza	-	-	-	-	-	-	-	14 024	14 024	(14 024)
Slow Learners' Project, Jordan	6 551	-	6 551	-	-	-	2 134	-	2 134	4 417
Market study - Palestinian embroidery	-	-	-	-	-	-	-	15 077	15 077	(15 077)
Women's Programme Centre, Zaka	18 749	-	18 749	-	-	-	-	-	-	18 749
Arrabieh School, West Bank	-	-	-	-	-	-	15 274	2 527	17 801	(17 801)

STATEMENT VIII (continued)

Project	Cash on hand	Pre-payments	Total	Accounts payable	Reserve for unliquidated obligations	Reserve for carry-forwards	Reserve for goods-in-transit	Due to General Fund	Total liabilities	Fund balance 31 December 1989
University scholarships, Switzerland	165 067	-	165 067	2 500	-	1 900	-	-	4 400	160 667
Jarash Health Clinic, construction	98 918	-	98 918	-	-	-	-	-	-	98 918
Jarash Community Project, Jordan	-	-	-	-	-	-	-	11 983	11 983	(11 983)
Junior Professional Officer, Japan	53 683	-	53 683	-	-	-	-	-	-	53 683
Junior Professional Officer, UNDP	-	-	-	-	-	-	-	-	-	-
Junior Professional Officer, Sweden	6 036	-	6 036	-	-	-	-	-	-	6 036
Suf Community Project, Jordan	-	-	-	-	-	-	-	11 361	11 361	(11 361)
Sur Baher School, West Bank	634 910	-	634 910	-	-	-	15 318	-	15 318	619 592
Sewing Centre Shatila, Lebanon	6 388	-	6 388	-	-	-	-	-	-	6 388
Sewing Centre - Askar Camp, West Bank	2 896	-	2 896	-	-	-	-	-	-	2 896
Subtotal	3 482 782	-	3 482 782	119 106	-	2 874	70 046	691 200	883 226	2 599 556
FUNDED FROM:										
GENERAL FUND										
Marka Elementary Boys' School	675 000	-	675 000	-	-	-	-	-	-	675 000
Souf Preparatory Girls' School	600 000	-	600 000	-	-	-	-	-	-	600 000
New field office in the Syrian Arab Republic	-	-	-	-	-	-	-	2	2	(2)
Muzeireib School in the Syrian Arab Republic	-	-	-	-	-	-	-	56 866	56 866	(56 866)
Wadi Seer School in Jordan	505 354	-	505 354	-	-	-	-	-	-	505 354
Waqqas School in Jordan	391 596	-	391 596	-	-	-	-	-	-	391 596

STATEMENT VIII (concluded)

Project	Cash on hand	Pre-payments	Total	Accounts payable	Reserve for unliquidated obligations	Reserve for carry-forwards	Reserve for goods-in-transit	Due to General Fund	Total liabilities	Fund balance 31 December 1989
The move of the Education Development Centre to the Amman Training Centre	177 455	-	177 455	-	-	-	-	-	-	177 455
Construction to avoid triple shift, Syria	73 416	-	73 416	-	-	-	-	-	-	73 416
Construction to avoid triple shift, Jordan	31 492	-	31 492	15 762	-	-	-	-	15 762	15 730
Construction to avoid triple shift, West Bank	63 662	-	63 662	-	-	-	-	-	-	63 662
Construction of Preparatory Girls' School, Baqa'a	858 792	-	858 792	-	-	-	-	-	-	858 792
Construction to avoid triple shift, Gaza	285 946	-	285 946	-	-	-	-	-	-	285 946
Subtotal	3 662 713	-	3 662 713	15 762	-	-	-	56 868	72 630	3 590 083
School voluntary contribution:										
Schools	-	-	-	-	-	-	-	-	-	-
Canteens	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-	-
Total	10 428 108	25 517	10 453 625	334 746	2 309 734	13 311	290 980	8 663 897	11 612 668	(1 159 043)

SCHEDULE 7

PROJECT FUNDS

Report on cash contributions as at 31 December 1989

(United States dollars)

Donor	Comments	Local currency		United States dollars		
		Pledged	Received	Received	Outstanding	Anticipated income
FUNDED ONGOING ACTIVITIES						
Governments						
Denmark	Ramallah training centre	2 625 000	2 625 000	2 625 000	-	2 625 000
	Ramallah training centre - third term	830 737	830 737	830 737	-	830 737
Italy	Gaza Vocational Training Centre	1 797 190	1 797 190	1 797 190	-	1 797 190
Total for Governments				5 252 927	-	5 252 927
Intergovernmental organizations						
European Community	Supplementary feeding programme	4 730 000	-	-	4 730 000	4 730 000
Total for intergovernmental organizations				-	4 730 000	4 730 000
Non-governmental organizations						
ARAMCO	University scholarships	58 500	58 500	58 500	-	58 500
Near East Council	Mobile Dental Clinic - Jordan	25 000	13 355	13 355	11 645	25 000
	Dental Unit Amman Polyclinic	18 600	12 111	12 111	6 489	18 600
Pontifical Mission	Gaza Centre for the Blind	80 000	80 000	80 000	-	80 000
	Balance as at 1 January 1989 - Gaza Centre for the Blind	40 000	40 000	40 000	-	40 000
Rädda Barnen	Mobile health team, Gaza	73 748	73 748	73 748	-	73 748
Total for non-governmental organizations				277 714	18 134	295 848

SCHEDULE 7 (continued)

Donor	Comments	Local currency Pledged	Local currency Received	United States dollars Received	United States dollars Outstanding	United States dollars Anticipated income
Other sources						
Jakarta	Four donors -					
Miscellaneous	Gaza Centre for the Blind	2 000	-	2 000	-	2 000
Krbec, Ms. Eva Marie	Gaza Centre for the Blind	1 239	1 239	1 239	-	1 239
Nachbauer, A.	Gaza Centre for the Blind	606	606	606	-	606
Total for other sources				3 845	-	3 845
Total for funded ongoing activities				5 534 486	4 748 134	10 282 620
CAPITAL AND SPECIAL PROJECTS						
Governments						
Australia	School construction	434 650	434 650	434 650	-	434 650
China	Cash for purchase of furniture - Beqa'a	50 003	50 003	50 003	-	50 003
	Beqa'a Elementary School construction	616 883	616 883	616 883	-	616 883
Finland	Gaza Town Health Centre	200 000	200 000	48 101	-	48 101
Germany, Federal Republic of	Environmental sanitation projects	201 005	201 005	201 005	-	201 005
	Bank interest received	30 517	30 517	30 517	-	30 517
Japan	Junior Professional Officer	53 846	53 846	53 846	-	53 846
	Second year salary Junior Professional Officer	56 000	56 000	56 000	-	56 000
Sweden	Junior Professional Officer	48 901	48 901	48 901	-	48 901
Switzerland	Cash for UNRWA schooling programme	300 000	300 000	181 818	-	181 818
Total for Governments				1 721 724	-	1 721 724

SCHEDULE 7 (continued)

Donor	Comments	Local currency		United States dollars		
		Pledged	Received	Received	Outstanding	Anticipated income
Intergovernmental organizations						
AGFUND	School construction	749 000	-	-	749 000	749 000
	Balance as at 1 January 1989	4 000	-	-	4 000	4 000
	Balance as at 1 January 1989	391 805	348 742	348 742	43 063	391 805
	Balance as at 1 January 1989	29 000	-	-	29 000	29 000
	Balance as at 1 January 1989	224 600	166 000	166 000	58 600	224 600
	Balance as at 1 January 1989	58 500	58 500	58 500	-	58 500
	Balance as at 1 January 1989	58 500	58 500	58 500	-	58 500
	Balance as at 1 January 1989	496 000	100 000	100 000	396 000	496 000
European Community	Balance as at 1 January 1989	751 875	232 468	232 468	519 407	751 875
	Bank interest received on above	1 660	1 660	1 660	-	1 660
Total for intergovernmental organizations				965 870	1 799 070	2 764 940
United Nations organizations						
UNDP	Junior Professional Officer	49 950	49 950	49 950	-	49 950
Total for United Nations organizations				49 950	-	49 950
Non-governmental organizations						
Australian Care for Refugees (AUSTCARE)	Slow learners' programme	39 400	-	-	39 400	39 400
Co-operation for development	Income-generating projects	28 040	28 040	28 040	-	28 040
	Income-generating projects	31 440	31 440	31 440	-	31 440
	Balance as at 1 January 1989	22 500	-	-	22 500	22 500
Danish Refugee Council	Jarash Health Centre	135 000	135 000	135 000	-	135 000

SCHEDULE 7 (continued)

Donor	Comments	Local currency		United States dollars		
		Pledged	Received	Received	Outstanding	Anticipated income
Non-governmental organizations (continued)						
Deutsche Stiftung	Construction of Khan Younis Women's Centre	22 222	7 692	7 692	14 530	22 222
Mennonite Central Committee	Community Centre for Disabled - Husn Camp, Jordan	14 976	14 976	14 976	-	14 976
National Federation of UNESCO Association, Japan	Literacy programme, Syrian Arab Republic	3 497	2 240	2 240	1 257	3 497
Near East Council	Specialists, Baqa'a	24 600	17 054	17 054	7 546	24 600
	Sewage and water connection	13 000	-	-	13 000	13 000
	Education seminar Conference room construction	15 927	15 927	15 927	-	15 927
Norwegian Refugee Council	Waqqas Community Centre	40 000	25 000	25 000	15 000	40 000
OPEC Fund - Phase V	Balance as at 1 January 1989	42 807	-	-	42 807	42 807
- Phase IV	Balance as at 1 January 1989	10 435	-	-	10 435	10 435
- Phase VI	Balance as at 1 January 1989	30 000	30 000	30 000	-	30 000
OXFAM	Jarash Community Centre	19 612	13 312	13 312	6 300	19 612
OXFAM	Suf Community Project, Jordan	21 246	14 422	14 422	6 824	21 246
Save the Children Fund	Balance as at 1 January 1989	12 000	12 000	12 000	0	12 000
Total for non-governmental organizations				347 103	179 599	526 702

SCHEDULE 7 (concluded)

Donor	Comments	Local currency		United States dollars		
		Pledged	Received	Received	Outstanding	Anticipated income
Other sources						
DIAKONIA (Sweden)	Baqa'a Community Centre for Disabled, Jordan	13 000	-	-	13 000	13 000
United Nations Day Ball Committee	Waqqas Community Centre for Disabled, Jordan	2 681	2 681	2 681	-	2 681
Zaben, Sheikh I.	Construction and equipment of school	932 320	-	-	932 320	932 320
Total for other sources				2 681	945 320	948 001
Total for capital and special projects				3 087 328	2 923 989	6 011 317

SCHEDULE 8

FUNDED ONGOING ACTIVITIES

Report on in-kind contributions as at 31 December 1989

(United States dollars)

Donor	Comments	Local currency		United States dollars		
		Pledged	Received	Received	Outstanding	Anticipated income
Governments						
Switzerland	Whole milk (300 tons)	1 939 000	1 686 206	1 686 206	252 794	1 939 000
Switzerland	Transport costs	91 429	91 429	91 429	-	91 429
Total for Governments				1 777 635	252 794	2 030 429
Intergovernmental organizations						
European Community	Food commodities	6 432 530	3 189 390	3 189 390	3 243 140	6 432 530
	Balance as at 1 January 1989	4 677 632	4 677 632	4 677 632	0	4 677 632
Total for intergovernmental organizations				7 867 022	3 243 140	11 110 162
Total, funded ongoing activities, schedule 8				9 644 657	3 495 934	13 140 591
Total, funded ongoing activities, schedules 7 and 8				15 179 143	8 244 068	23 423 211

STATEMENT IX

LEBANON EMERGENCY (UNRESTRICTED FUNDS)

Income and expenditure for the year ended 31 December 1989

(United States dollars)

1988		Cash	In kind	Total
	INCOME			
-	Governments (schedule 10)	-	2 258 537	2 258 537
566 618	Intergovernmental organizations	-	-	-
800 193	Non-governmental organizations (schedule 10)	-	1 762	1 762
-	General Fund	2 969 995	-	2 969 995
1 366 811		2 969 995	2 260 299	5 230 294
	EXPENDITURE			
73 997	Food commodities	2 654 868	2 258 537	4 913 405
1 051 319	Emergency services	1 248 338	-	1 248 338
509 521	Staff costs	660 426	-	660 426
418 466	Vehicles and their running costs	129 882	-	129 882
697 026	Health services	94 116	1 762	95 878
2 555 984	Repairs of roads and shelters	204 144	-	204 144
580 211	Repairs of Agency Inst.	45 218	-	45 218
-	Construction	523 061	-	523 061
-	Equipment	283 965	-	283 965
-	Freight and transport services	703 328	-	703 328
5 886 524		6 547 346	2 260 299	8 807 645
(4 519 713)	Excess of income over expenditure	(3 577 351)	-	(3 577 351)

STATEMENT X

LEBANON EMERGENCY (UNRESTRICTED FUNDS)

Assets and liabilities as at 31 December 1989

(United States dollars)

1988			1989
	ASSETS		
2 268 727	Cash in bank		116 397
2 268 727			116 397
	LIABILITIES		
101 376	Accounts payable		1 412
-	Reserve for goods-in-transit		114 985
			116 397
	FUND BALANCE		
2 167 351	Balance 1 January 1988	2 167 351	
	Fund adjustment	1 410 000	
		3 577 351	
	Excess of income over expenditure	(3 557 351)	
-	Balance 31 December 1989		-
2 268 727			116 397

STATEMENT XI

LEBANON EMERGENCY (ALL FUNDS)

Income and expenditure for the year ended 31 December 1989

(United States dollars)

Project	Fund balance 1 Jan. 1989	Contributions			Subtotal	Expenditure			Fund adjustment	Fund balance 31 Dec. 1989
		In cash	In kind	Total		In cash	In kind	Total		
Lebanon Emergency	2 167 351	-	2 260 299	2 260 299	4 427 650	6 547 346	2 260 299	8 807 645	4 379 995	-
Lebanon reconstruction	3 509 354	-	-	-	3 509 354	1 159 734	-	1 159 734	(1 410 000)	939 620
Shatila Camp repairs	-	1 600 000	-	1 600 000	1 600 000	709 291	-	709 291	-	890 709
Funds for West Beirut Emergency cash assistance	-	273 894	-	273 894	273 894	192 624	-	192 624	-	(192 624)
	-		-			-	-	-	-	273 894
Subtotal	3 509 354	1 873 894	-	1 873 894	5 383 248	2 061 649	-	2 061 649	(1 410 000)	1 911 599
Total	5 676 705	1 873 894	2 260 299	4 134 193	9 810 898	8 608 995	2 260 299	10 869 294	2 969 995	1 911 599

STATEMENT XII

LEBANON EMERGENCY (ALL FUNDS)

Assets and liabilities as at 31 December 1989

(United States dollars)

Project	Cash on hand	Pre-payments	Total	Accounts payable	Reserve for unliquidated obligations	Reserve for C/F	Reserve for G/T	Income received in advance	Due to General Fund	Total liabilities	Fund balance 31 Dec. 1989
Lebanon Emergency	116 397	-	116 397	1 412	-	-	114 985	-	-	116 397	-
Subtotal	116 397	-	116 397	1 412	-	-	114 985	-	-	116 397	-
Lebanon reconstruction	1 072 797	-	1 072 797	133 177	-	-	-	-	-	133 177	939 620
Shatila Camp repairs	915 598	-	915 598	24 889	-	-	-	-	-	24 889	890 709
Fund for West Beirut	-	-	-	23 595	-	-	-	-	169 029	192 624	(192 624)
Emergency cash assistance	273 894	-	273 894	-	-	-	-	-	-	-	273 894
Subtotal	2 262 289	-	2 262 289	181 661	-	-	-	-	169 029	350 690	1 911 599
Total	2 378 686	-	2 378 686	183 073	-	-	114 985	-	169 029	467 087	1 911 599

SCHEDULE 9

LEBANON EMERGENCY

Report on cash contributions as at 31 December 1989

(United States dollars)

Donor	Comments	Local currency		United States dollars		
		Pledged	Received	Received	Outstanding	Anticipated income
Governments						
Germany, Federal Republic of	Pledged against 1990	273 894	273 894	273 894	-	273 894
Italy		750 000	-	-	750 000	750 000
Total for Governments				273 894	750 000	1 023 894
Other sources						
Palestine	Shatila Camp repairs	800 000	800 000	800 000	-	800 000
	Part of $3.0 million for reconstruction of Shatila Camp	800 000	800 000	800 000	-	800 000
Total for other sources				1 600 000	-	1 600 000
Total, Lebanon Emergency, schedule 9				1 873 894	750 000	2 623 894

SCHEDULE 10

LEBANON EMERGENCY

Report on in-kind contributions as at 31 December 1989

(United States dollars)

Donor	Comments	Local currency		United States dollars		
		Pledged	Received	Received	Outstanding	Anticipated income
Governments						
Austria	Food commodities	200 000	200 000	200 000	-	200 000
Czechoslovakia	Corned beef and whole milk	19 428	19 428	19 428	-	19 428
Egypt	Food commodities	1 024	1 024	1 024	-	1 024
Italy	Food commodities	2 020 284	2 020 284	2 020 284	-	2 020 284
Yugoslavia	Food commodities	9 389	9 389	9 389	-	9 389
	Flour, sugar and and sardines	8 411	8 411	8 411	-	8 411
Total for Governments				2 258 536	-	2 258 536
Other sources						
Medical aid for Palestinians	Wheelchairs	1 562	1 562	1 562	-	1 562
Summary Non-governmental Organizations		200	200	200	-	200
Total for other sources				1 762	-	1 762
Total, Lebanon Emergency, schedule 10				2 260 298	-	2 260 298
Total, Lebanon Emergency, schedules 9 and 10				4 134 192	750 000	4 884 192

STATEMENT XIII

EXTRAORDINARY MEASURES IN THE OCCUPIED TERRITORY
(UNRESTRICTED FUNDS)

Income and expenditure for the year ended 31 December 1989

(United States dollars)

1988		Cash	In kind	Total
	INCOME			
	(payments and deliveries received)			
17 768 268	Governments (schedules 11 and 12)	5 148 552	1 703 652	6 852 204
752 140	Intergovernmental organizations (schedules 11 and 12)	-	451 215	451 215
88 000	United Nations organizations (schedules 11 and 12)	56 264	-	56 264
-	Non-governmental organizations (schedules 11 and 12)	4 000	586 703	590 703
2 274 301	Other sources (schedules 11 and 12)	10 250 576	9 636	10 260 212
	General Fund	4 735 860	-	4 735 860
20 892 709	TOTAL	20 195 252	2 751 206	22 946 458
	EXPENDITURE			
7 850 028	Food commodities	9 893 725	2 714 202	12 607 927
1 812 221	Medical supplies	392 258	37 004	429 262
1 824 375	Equipment	724 594	-	724 594
638 271	Hospitalization	1 263 134	-	1 263 134
570 854	Freight and handling	1 115 866	-	1 115 866
142 232	Education	228 176	-	228 176
1 179 454	(Common services	1 997 451	-	1 997 451
-	(Staff costs	1 911 673	-	1 911 673
-	Construction	271 182	-	271 182
14 017 435		17 798 059	2 751 206	20 549 265
6 875 274	Excess of income over expenditure	2 397 193	-	2 397 193

STATEMENT XIV

EXTRAORDINARY MEASURES IN THE OCCUPIED TERRITORY
(UNRESTRICTED FUNDS)

Assets and liabilities as at 31 December 1989

(United States dollars)

1988			1989
	ASSETS		
7 577 822	Cash in bank		11 719 992
-	Prepayments		1 951
7 577 822			11 721 943
	LIABILITIES AND RESERVE		
-	Liabilities		-
702 548	Accounts payable		460 840
-	Reserve for obligations		202 120
-	Reserve for goods-in-transit		940 398
702 548			1 603 358
	FUND BALANCE		
6 875 274	Balance 1 January 1989	6 875 274	
	Add:		
	Fund adjustment	846 118	
	Less:		
	Excess of income over expenditure	2 397 193	
			10 118 585
7 577 822	Balance as at 31 December 1989		11 721 943

STATEMENT XV

EXTRAORDINARY MEASURES IN THE OCCUPIED TERRITORY (ALL FUNDS)

Income and expenditure for the year ended 31 December 1989

(United States dollars)

Project	Fund balance 1 January 1989	Contributions			Subtotal	Expenditure			Fund Adjustment	Fund balance 31 December 1989
		In cash	In kind	Total		In cash	In kind	Total		
Extraordinary Measures in the Occupied Territory	6 875 275	15 459 392	2 751 206	18 210 598	25 085 873	17 798 059	2 751 206	20 549 265	5 581 977	10 118 585
Other Gaza projects	350 017	1 024 857	-	1 024 857	1 374 874	244 062	-	244 062	-	1 130 812
Al-Ahli Hospital, Gaza (United States of America)	-	300 000	-	300 000	300 000	165 726	-	165 726	-	134 274
Urgent medical needs (United States of America)	-	2 000 000	-	2 000 000	2 000 000	804 884	-	804 884	-	1 195 116
Central Field Pharmacy, West Bank (United States of America)	-	350 000	-	350 000	350 000	9 656	-	9 656	-	340 344
Refugee Affairs Officer and health programme	-	1 350 000	-	1 350 000	1 350 000	1 318 750	-	1 318 750	-	31 250
Libyan Arab Jamahiriya - food commodities	-	390 000	-	390 000	390 000	390 438	-	390 438	-	(438)
Physiotherapist, West Bank	-	4 000	-	4 000	4 000	-	-	-	-	4 000
Emergency ration distribution, Gaza	-	223 464	-	223 464	223 464	-	-	-	-	223 464
Emergency milk distribution, Gaza	-	234 637	-	234 637	234 637	-	-	-	-	234 637
Cost of anaesthetist at Qalqilia Hospital, West Bank	-	5 294	-	5 294	5 294	1 098	-	1 098	-	4 196
Subtotal	350 017	5 882 252	-	5 882 252	6 232 269	2 934 614	-	2 934 614	-	3 297 655
TOTAL	7 225 292	21 341 644	2 751 206	24 092 850	31 318 142	20 732 673	2 751 206	23 483 879	5 581 977	13 416 240

STATEMENT XVI

EXTRAORDINARY MEASURES IN THE OCCUPIED TERRITORY (ALL FUNDS)

Assets and liabilities as at 31 December 1989

(United States dollars)

Project	Cash on hand	Prepayments	Total	Accounts payable	Reserve for unliquidated obligations	Reserve for carry-forwards	Reserve for goods-in-transit	Due to General Fund	Total liabilities	Fund balance 31 December 1989
Extraordinary Measures in the Occupied Territory	11 719 992	1 951	11 721 943	460 840	202 120	-	940 398	-	1 603 358	10 118 585
Other Gaza projects	1 184 239	-	1 184 239	53 427	-	-	-	-	53 427	1 130 812
Al-Ahli Hospital, Gaza (United States of America)	134 274	-	1 134 274	-	-	-	-	-	-	134 274
Urgent medical needs (United States of America)	1 487 635	-	1 487 635	2 358	7 282	-	282 879	-	292 519	1 195 116
Central Field Pharmacy, West Bank (United States of America)	347 895	-	347 895	-	-	-	7 551	-	7 551	340 344
Refugee Affairs Officer and health programme	31 250	-	31 250	-	-	-	-	-	-	31 250
Libyan Arab Jamahiriya - food commodities	-	-	0	-	-	-	-	438	438	(438)
Physiotherapist, West Bank	4 000	-	4 000	-	-	-	-	-	-	4 000
Emergency ration distribution, Gaza	223 464	-	223 464	-	-	-	-	-	-	223 464
Emergency milk distribution, Gaza	234 637	-	234 637	-	-	-	-	-	-	234 637
Cost of anaesthetist at Qalqilia Hospital, West Bank	4 196	-	4 196	-	-	-	-	-	-	4 196
Subtotal	3 651 590	-	3 651 590	55 785	7 282	-	290 430	438	353 935	3 297 655
TOTAL	15 371 582	1 951	15 373 533	516 625	209 402	-	1 230 828	438	1 957 293	13 416 240

SCHEDULE 11

EXTRAORDINARY MEASURES IN THE OCCUPIED TERRITORY

Report on cash contributions as at 31 December 1989

(United States dollars)

Donor	Comments	Local currency		United States dollar		
		Pledged	Received	Received	Outstanding	Anti in
UNRESTRICTED FUNDS						
Governments						
Austria		144 928	144 928	144 928	-	144 928
France		1 000 000	1 000 000	160 000	-	160 000
	Balance as at 1 January 1989	54 664	54 664	54 664	-	54 664
Italy		1 500 000	-	-	1 500 000	1 500 000
Japan		4 070 400	4 070 400	4 070 400	-	4 070 400
		2 000 000	-	-	2 000 000	2 000 000
Kuwait		500 000	500 000	500 000	-	500 000
Norway		1 500 000	1 500 000	216 763	-	216 763
		1 797	1 797	1 797	-	1 797
Total for Governments				5 148 552	3 500 000	8 648 552
United Nations organizations						
UNICEF	Physiotherapy programme	56 264	56 264	56 264	-	56 264
Total for United Nations organizations				56 264	-	56 264

SCHEDULE 11 (continued)

Donor	Comments	Local currency		United States dollars		
		Pledged	Received	Received	Outstanding	Anticipated income
Other sources						
Diakonia (Sweden)		175 000	-	-	28 363	28 363
International Islamic Society		500 000	500 000	500 000	-	500 000
Islamic Development Bank		1 054 180	1 054 080	1 054 080	-	1 054 180
Joint Jordanian/Palestinian Committee		178 571	178 571	178 571	-	178 571
Miscellaneous	Sundry donations	21 261	21 261	21 261	-	21 261
Palestine		500 000	500 000	500 000	-	500 000
Palestine		3 600 000	3 600 000	3 600 000	-	3 600 000
Palestine	60 per cent for Gaza and 40 per cent for West Bank	2 000 000	2 000 000	2 000 000	-	2 000 000
	Part of $3.0 million pledge	2 200 000	2 200 000	2 200 000	-	2 200 000
Red Crescent, Qatar		200 000	200 000	200 000	-	200 000
Student Union, America		564	564	564	-	564
Total for other sources				10 254 576	28 363	10 282 939
Total, Extraordinary Measures in the Occupied Territory, unrestricted funds, schedule 11				15 459 392	3 528 363	18 987 755
ALL FUNDS						
Governments						
Germany, Federal Republic of	DM 420 000 for 1990	234 637	234 637	234 637	-	234 637
	DM 400 000 for 1990	223 464	223 464	223 464	-	223 464
Libyan Arab Jamahiriya	Part of $1.0 million pledge	390 000	390 000	390 000	-	390 000

SCHEDULE 11 (concluded)

Donor	Comments	Local currency		United States dollars		
		Pledged	Received	Received	Outstanding	Anticipated income
United States of America	Balance as at 1 January 1989	2 000 000	2 000 000	2 000 000	-	2 000 000
	Al-Ahli Hospital - Gaza	300 000	300 000	300 000	-	300 000
	Central pharmacy, Jerusalem	350 000	350 000	350 000	-	350 000
	Emergency services	700 000	700 000	700 000	-	700 000
	Part of second $1.0 million	650 000	650 000	650 000	-	650 000
Total for Governments				4 848 101	-	4 848 101
Non-governmental Organizations						
Medecins Sans Frontier	Physiotherapist	4 000	4 000	4 000	-	4 000
Palestine (Gaza)	Contract teachers	1 000 000	1 000 000	1 000 000	-	1 000 000
	Bank interest on above	24 857	-	24 857	-	24 857
Zakah Committee, West Bank	Qalqilia Hospital	5 294	5 294	5 294	-	5 294
Total for non-governmental organizations				1 034 151	-	1 034 151
Total for Extraordinary Measures in the Occupied Territory all funds, schedule 11				5 882 252	-	5 882 252

SCHEDULE 12

EXTRAORDINARY MEASURES IN THE OCCUPIED TERRITORY

Report on in-kind contributions as at 31 December 1989

(United States dollars)

Donor	Comments	Local currency		United States dollars		
		Pledged	Received	Received	Outstanding	Anticipated income
UNRESTRICTED FUNDS						
Governments						
Austria	750 tons of flour	225 000	-	-	225 000	225 000
Germany, Federal Republic of	Two Volkswagen ambulances	66 000	-	-	39 521	39 521
Greece	Flour 1,002.40 tons	1 065 340	325 880	325 880	739 460	1 065 340
	Balance as at 1 January 1989	69 695	34 086	34 086	35 609	69 695
Italy	Rice - 14 tons for Gaza	7 616	7 616	7 616	-	7 616
Morocco	Food commodities	3 500 000	1 052 570	1 052 570	2 447 430	3 500 000
Pakistan	Balance as at 1 January 1989	283 500	283 500	283 500	-	283 500
	Food commodities	5 960	-	-	5 960	5 960
Spain	Food and soap for West Bank	2 795	-	-	2 795	2 795
Total for Governments				1 703 652	3 495 775	5 199 427

SCHEDULE 12 (continued)

Donor	Comments	Local currency		United States dollars		
		Pledged	Received	Received	Outstanding	Anticipated income
Intergovernmental organizations						
European Community	Balance as at 1 January 1989	22 400	22 400	22 400	-	22 400
	Balance as at 1 January 1989	44 500	44 500	44 500	-	44 500
	Balance as at 1 January 1989	62 334	62 334	62 334	-	62 334
	Balance as at 1 January 1989	45 636	45 636	45 636	-	45 636
	Balance as at 1 January 1989	262 858	262 858	262 858	-	262 858
	Balance as at 1 January 1989	13 487	13 487	13 487	-	13 487
	Balance as at 1 January 1989	92 056	-	-	92 056	92 056
	Balance as at 1 January 1989	121 000	-	-	121 000	121 000
	Balance as at 1 January 1989	2 945	-	-	2 945	2 945
Total for intergovernmental organizations				451 215	216 001	667 216
Non-governmental organizations						
Austrian Arab People	Medical and surgical equipment	3 546	3 546	3 546	-	3 546
DANCHURCH	Hospital equipment	3 811	3 811	3 811	-	3 811
German Democratic Republic Red Cross	Medical supplies	258	258	258	-	258
Italian Trade Union	Medical supplies	9 200	9 200	9 200	-	9 200
Red Crescent, Egypt	427 tons of food	193 414	193 414	193 414	-	193 414
	430 tons of food	239 688	-	-	239 688	239 688
	425 tons food and clothing	256 342	-	-	256 342	256 342
	40 parcels of medical supplies	10 000	-	-	3 861	3 861
	510.8 tons food and blankets	306 381	-	-	306 381	306 381
Red Crescent, Turkey	700 tons of food	336 689	336 689	336 689	-	336 689

SCHEDULE 12 (concluded)

Donor	Comments	Local currency		United States dollars		
		Pledged	Received	Received	Outstanding	Anticipated income
Intergovernmental organizations (continued)						
Red Cross, Bulgaria	13 tons of food	29 785	29 785	29 785	-	29 785
Save the Children Fund	Medical equipment	3 600	-	-	3 600	3 600
United Holy Land Fund	Medical supplies/equipment	10 000	10 000	10 000	-	10 000
Total for non-governmental organizations				586 703	809 872	1 396 575
Other sources						
Landeskrankenhaus Feldkirchen	Medical supplies	450	450	450	-	450
Medico International	15 second-hand generators	7 186	7 186	7 186	-	7 186
Miscellaneous	Breathing apparatus	2 000	2 000	2 000	-	2 000
Total for other sources				9 636	-	9 636
Total, Extraordinary Measures in the Occupied Territory, unrestricted funds, schedule 12				2 751 206	4 521 648	7 272 854
Total, Extraordinary Measures in the Occupied Territory, unrestricted funds, schedules 11 and 12				18 210 598	8 050 011	26 260 609

STATEMENT XVII

EXPANDED PROGRAMME OF ASSISTANCE IN THE OCCUPIED TERRITORY

Income and expenditure for the year ended 31 December 1989

(United States dollars)

Project	Fund balance 1 Jan. 1989	Contributions		Subtotal	Expenditure		Fund adjustment	Fund balance 31 Dec. 1989
		In cash	Total		In cash	Total		
Expanded Programme of Assistance - Administration of unallocated funds	7 872 894	59 700	59 700	7 932 594	294 137	294 137	(7 999 181)	(360 724)
Emergency medical assistance	-	-	-	-	293 049	293 049	-	(293 049)
Improvement to school and health facilities in Gaza and the West Bank	137 090	-	-	137 090	82 168	82 168	-	54 922
School construction - 1983	386 993	-	-	386 993	6 982	6 982	(41 788)	338 223
Khan Younis Women's Programme Centre (Federal Republic of Germany)	-	-	-	-	-	-	12 385	12 385
Khan Younis Women's Programme Centre (Deutsche Stift)	-	-	-	-	-	-	7 692	7 692
Construction of community centre, Dhaisheh Camp	250 000	-	-	250 000	-	-	(250 000)	-
Cost of gynaecologist - Qalqilia Hospital	-	15 000	15 000	15 000	6 060	6 060	-	8 940
Health care provision, Gaza and West Bank	-	-	-	-	480 794	480 794	934 430	453 636
Outpatient health centre	-	-	-	-	383 467	383 467	3 695 750	3 312 283
Mechanization of refuse removal, Gaza	-	-	-	-	144 193	144 193	1 765	(142 428)

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STATEMENT XVII (concluded)

Project	Fund balance 1 Jan. 1989	Contributions		Subtotal	Expenditure		Fund adjustment	Fund balance 31 Dec. 1989
		In cash	Total		In cash	Total		
Physiotherapy and rehabilitation, Balata Camp	-	56 000	56 000	56 000	-	-	(1 765)	54 235
Health and education 1989 Libya Fund	-	-	-	-	15 820	15 820	1 000 000	984 180
Community Centre, Dheisheh	-	-	-	-	53 277	53 277	250 000	196 723
Mainichi Social Welfare Fund, Gaza and West Bank	-	37 784	37 784	37 784	21 308	21 308	-	16 476
Gaza Centre for the Deaf	-	8 000	8 000	8 000	-	-	-	8 000
Shelter rehabilitation unit, Kuwait	-	-	-	-	13 611	13 611	1 374 000	1 360 389
Shelter rehabilitation unit, Italy	-	-	-	-	36 270	36 270	-	(36 270)
Staff costs - Japan	-	2 900 000	2 900 000	2 900 000	573 601	573 601	-	2 326 399
School toilets - Federal Republic of Germany	-	716 004	716 004	716 004	2 500	2 500	-	713 504
Libyan Arab Jamahiriya projects - Gaza and West Bank	-	610 000	610 000	610 000	70 233	70 233	-	539 767
AGFUND scholarship	-	-	-	-	58 004	58 004	-	(58 004)
Warehousing, Gaza	725 000	-	-	725 000	-	-	-	725 000
Warehousing, Gaza (Sweden)	-	1 533 860	1 533 860	1 533 860	-	-	-	1 533 860
Subtotal	1 499 083	5 876 648	5 876 648	7 375 731	2 241 337	2 241 337	6 982 469	12 116 863
Total	9 371 977	5 936 348	5 936 348	15 308 325	2 535 474	2 535 474	(1 016 712)	11 756 139

STATEMENT XVIII

EXPANDED PROGRAMME OF ASSISTANCE IN THE OCCUPIED TERRITORIES

Assets and liabilities as at 31 December 1989

(United States dollars)

Project	Cash on hand	Pre-payments	Total	Accounts payable	Reserve for goods-in-transit	Due to General Fund	Total liabilities	Fund balance 31 December 1989
Expanded Programme of Assistance - Administration and unallocated funds	-	-	-	1 031	4 567	355 126	360 724	(360 724)
Emergency medical assistance	-	-	-	-	12 192	280 857	293 049	(293 049)
Improvement to school and health facilities in Gaza and West Bank	60 583	-	60 583	943	4 718	-	5 661	54 922
School construction - 1983	342 434	-	342 434	1 000	3 211	-	4 211	338 223
Khan Yunis women's programme centre (Federal Republic of Germany)	12 385	-	12 385	-	-	-	-	12 385
Khan Yunis women's programme centre (Deutsche Stiftung)	7 692	-	7 692	-	-	-	-	7 692
Construction of community centre, Dheisheh Camp	-	-	-	-	-	-	-	-
Cost of gynaecologist-Qalqilia Hospital	9 842	-	9 842	-	902	-	902	8 940
Health care provision, Gaza and West Bank	519 130	-	519 130	-	65 494	-	65 494	453 636
Outpatient health care	3 379 894	-	3 379 894	28 253	39 358	-	67 611	3 312 283
Mechanization of refuse removal, Gaza	1 765	-	1 765	-	144 193	-	144 193	(142 428)
Physiotherapy and rehabilitation, Balata Camp	54 235	-	54 235	-	-	-	-	54 235
Health and education 1989 Libya Fund	991 042	-	991 042	-	6 862	-	6 862	984 180

STATEMENT XVIII (concluded)

Project	Cash on hand	Pre-payments	Total	Accounts payable	Reserve for goods-in-transit	Due to General Fund	Total liabilities	Fund balance 31 December 1989
Community Centre, Dheisheh	196 723	-	196 723	-	-	-	-	196 723
Mainichi Social Welfare Fund, Gaza and West Bank	16 851	-	16 851	375	-	-	375	16 476
Gaza Centre for the Deaf	8 000	-	8 000	-	-	-	-	8 000
Shelter rehabilitation, Kuwait	1 361 655	-	1 361 655	1 266	-	-	1 266	1 360 389
Shelter rehabilitation, Italy	-	-	-	-	-	36 270	36 270	(36 270)
Staff costs - Japan	2 648 541	-	2 648 541	9 829	312 313	-	322 142	2 326 399
School toilets - Federal Republic of Germany	713 504	-	713 504	-	-	-	-	713 504
Libya projects - Gaza and West Bank	606 656	-	606 656	-	66 889	-	66 889	539 767
AGFUND scholarship	-	-	-	363	-	57 641	58 004	(58 004)
Warehousing, Gaza (GF)	725 000	-	725 000	-	-	-	-	725 000
Warehousing, Gaza (Sweden)	1 533 860	-	1 533 860	-	-	-	-	1 533 860
Subtotal	13 189 792	-	13 189 792	42 029	656 132	374 768	1 072 929	12 116 863
Total	13 189 792	-	13 189 792	43 060	660 699	729 894	1 433 653	11 756 139

SCHEDULE 13

EXPANDED PROGRAMME OF ASSISTANCE

Report on cash contributions as at 31 December 1989

(United States dollars)

Donor	Comments	Local currency		United States dollars		
		Pledged	Received	Received	Outstanding	Anticipated income
Governments						
Denmark	Construction of ward at Al-Ahli Hospital, Gaza	459 242	-	-	459 242	459 242
Germany, Federal Republic of		701 087	701 087	701 087	-	701 087
		1 040 779	0	0	623 221	623 221
		14 917	14 917	14 917	-	14 917
Italy	Upgrading health care	1 608 870	-	-	1 608 870	1 608 870
		9 250 000	-	-	9 250 000	9 250 000
Japan		2 900 000	2 900 000	2 900 000	-	2 900 000
Libyan Arab Jamahiriya	Part of $1.0 million pledge	610 000	610 000	610 000	-	610 000
Sweden		1 533 860	1 533 860	1 533 860	-	1 533 860
United Kingdom of Great Britain and Northern Ireland		50 000	-	-	50 000	50 000
Total for Governments				5 759 864	11 991 333	17 751 197

SCHEDULE 13 (concluded)

Donor	Comments	Local currency		United States dollars		
		Pledged	Received	Received	Outstanding	Anticipated income
Intergovernmental organizations						
European Community	Skip-lifts	120 000	-	-	144 578	144 578
	Two orthopaedic surgeons	8 977	-	-	8 977	8 977
	Equipment for Al-Ahli Hospital	12 192	-	-	12 192	12 192
	Hospitalization costs	271 879	-	-	271 879	271 879
	Physiotherapy	56 000	56 000	56 000	0	56 000
Total for intergovernmental organizations				56 000	437 626	493 626
United Nations organizations						
UNDP	Junior Professional Officer	59 700	59 700	59 700	-	59 700
Total for United Nations organizations				59 700	-	59 700
Non-governmental organizations						
Qalqilia Charitable Committee	Qalqilia Hospital	50 000	15 000	15 000	35 000	50 000
Total for non-governmental organizations				15 000	35 000	50 000
Other sources						
CGIL-Reggio Emilia	Fawwar Women Programme	8 000	8 000	8 000	-	8 000
Mainichi Shinbun		37 784	37 784	37 784	-	37 784
Total for other sources				45 784	-	45 784
Total, Expanded Programme of Assistance, schedule 13				5 936 348	12 463 959	59 700
Grand total				251 209 417	56 417 908	307 627 325

STATEMENT XIX

AREA STAFF PROVIDENT FUND

Income distribution account for the year ended 31 December 1989

(United States dollars)

1988			1989
48 283 119	Balance as at 1 January		35 641 902
	Deduct:		
47 956 121	Interest credited to continuing participants' accounts		34 701 639
326 998	Balance		940 263
	Add:		
38 164 678	Net investment income (schedule 14)	38 998 749	
	Less:		
713 914	General administration expenses	259 053	
37 450 764		38 739 696	
	Less:		
15 934	Loan scheme administration expenses	8 486	
37 434 830	Net income		38 731 210
37 761 828	Subtotal		39 671 473
	Deduct:		
2 119 926	Interest paid on credits withdrawn during the year		1 516 437
35 641 902	Balance as at 31 December		38 155 036

Note: In 1988, custodian fees of $425,153 were included in General Administration expenses.

STATEMENT XX

AREA STAFF PROVIDENT FUND

Unallocated surplus account for the year ended 31 December 1989

(United States dollars)

1988		1989
2 318	Balance as at 1 January	2 876
	Add:	
558	Received from reinstated participants	10
2 876		2 886
	Less:	
-	Share paid to separated participants	-
2 876	Balance as at 31 December	2 886

STATEMENT XXI

AREA STAFF PROVIDENT FUND

Assets and liabilities as at 31 December 1989

(United States dollars)

1988		1989
	ASSETS	
	Investments:	
107 242 977	Worldinvest, London	128 214 917
107 901 177	Bankers Trust, London	116 270 487
114 983 300	Brinson Partners, London	127 163 281
113 097 896	Creditanstalt Bankverein, Vienna	124 606 450
3 662 032	Loan scheme	3 449 347
446 887 382		499 704 482
	LIABILITIES	
	Continuing participants' credits:	
95 513 396	United States dollar credits (Gaza)	106 638 006
38 426 743	United States dollar credits (Lebanon)	40 352 414
45 595 322	United States dollar credits (Syrian Arab Republic)	52 919 303
59 838 540	United States dollar credits (West Bank)	65 729 700
	Jordanian dinar credits (Jordan)	
141 044 272	Jordanian dinar 103,244,081 at 0.670	154 095 644
	Jordanian dinar credit (HQ Amman)	
2 922 467	Jordanian dinar 2,186,983 at 0.670	3 264 155
	Austrian schillings credits (HQ Vienna)	
13 234 369	Austrian schillings 180,533,557 at 11.90	15 170 887
396 575 649		438 170 109
	Retirees' credits:	
4 248 874	United States dollar credits (Gaza)	7 864 949
421 857	United States dollar credits (Lebanon)	663 593
1 705 991	United States dollar credits (Syrian Arab Republic)	2 720 770
2 335 705	United States dollar credits (West Bank)	4 091 723
	Jordanian dinar credits (Jordan)	
687 885	Jordanian dinar 854,822.739 at 0.670	1 275 855
	Jordanian dinar credits (HQ Amman)	
348 688	Jordanian dinar 192,722.581 at 0.670	287 646
	Austrian schillings credits (HQ Vienna)	
1 943 120	Austrian schillings 28,290,194.66 at 11.90	2 377 327
11 692 120		19 281 863

STATEMENT XXI (concluded)

1988		1989
3 002 753	Ex-participants' credits	4 075 043
(875)	Due from UNRWA General Fund	(40 303)
(27 043)	Balance of exchange rate adjustments	59 848
	Surplus:	
35 641 902	Income available for distribution (statement XIX)	38 155 036
2 876	Unallocated surplus (statement XX)	2 886
446 887 382		499 704 482

SCHEDULE 14

AREA STAFF PROVIDENT FUND

Investments and investment income for the year ended 31 December 1989

(United States dollars)

	Worldinvest, London	Bankers Trust, London	Brinson Partners London	Creditanstalt Bankverein, Vienna	Loan scheme	Total
Investments as at 1 January	107 242 977	107 901 177	114 983 300	113 097 896	3 622 032	446 887 382
Add:						
Funding during year	13 265 000	-	-	-	(101 382)	13 523 618
	120 867 977	107 901 177	114 983 300	113 097 896	3 560 650	460 411 000
Gross investment income	7 653 310	8 511 114	12 333 080	11 663 149	(111 303)	40 049 350
Deduct:						
Investment managers' fees	306 370	141 804	153 099	154 595	-	755 868
Net investment income	7 346 940	8 369 310	12 179 981	11 508 554	(111 303)	39 293 482
Investments as at 31 December	128 214 917	116 270 487	127 163 281	124 606 450	3 449 347	499 704 482
Investment yield	6.45	7.76	10.59	10.18	(3.35)	8.66

Total net investment income as above:	39 293 482	
Less custodian fees:	294 733	
Income carry-forwards to income distribution account:	38 998 749	
Net investment yield:	8.60 per cent	

14

SCHEDULE 14 (concluded)

Breakdown of investment balances as at 31 December 1989

Investments by currency	Worldinvest, London	Bankers Trust, London	Brinson Partners London	Creditanstalt Bankverein, Vienna	Loan scheme	Total
United States dollar	5.7	47.6	52.9	66.9	34.9	42.7
Pound sterling	36.8	5.9	2.9	3.2	0.0	12.5
Canadian dollar	10.4	15.5	0.0	11.8	0.0	9.2
French franc	20.1	10.8	0.0	1.9	0.0	8.2
Deutsche mark	10.1	1.8	26.3	2.9	0.0	10.4
Japanese yen	0.0	9.6	12.9	0.0	0.0	5.5
Australian dollar	0.0	0.0	5.0	1.2	0.0	1.6
Austrian schilling	0.0	0.0	0.0	5.6	3.4	1.4
Swedish krona	0.0	0.0	0.0	0.6	0.0	0.2
Norwegian krone	0.0	0.0	0.0	0.7	0.0	0.2
Danish krone	0.0	0.0	0.0	0.6	0.0	0.1
European currency units (ECU)	0.0	3.6	0.0	1.9	0.0	1.3
Finnish markka	0.0	0.0	0.0	0.6	0.0	0.1
Netherlands guilder	16.9	4.6	0.0	1.6	0.0	5.8
Italian lira	0.0	0.0	0.0	0.5	0.0	0.1
New Zealand dollar	0.0	0.6	0.0	0.0	0.0	0.1
Jordanian dinar	0.0	0.0	0.0	0.0	46.5	0.3
Lebanese pound	0.0	0.0	0.0	0.0	13.5	0.1
Syrian pound	0.0	0.0	0.0	0.0	1.7	0.0
Total	100.0	100.0	100.0	100.0	100.0	100.0
Investments by maturity						
Up to one year	6.9	12.9	10.9	30.3	36.5	15.3
One to ten years	93.1	87.1	89.1	69.7	63.5	84.7
Total	100.0	100.0	100.0	100.0	100.0	100.0

Annex

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of significant accounting policies

(a) The Agency utilizes a system of fund accounting by which it operates the following funds or types of funds:

(i) The General Fund is for the funding of the operating costs of running the Agency's core activities, that is, its regular programmes of education, health and relief services, plus operational and common services, including general management and administration. It receives unearmarked contributions.

(ii) Project funds are divided into two categories, namely, funded ongoing activities and capital and special projects. The first category contains activities defined as having an indefinite life and that would be funded out of the Agency's own resources in the absence of special contributions. They are treated in a manner similar to the activities covered under the General Fund. The second category is comprised of funds earmarked for construction projects or for some other capital or special projects which are usually of a non-recurrent character, such as the procurement of certain equipment. Project funds within this category that are to cover recurrent costs of extra-regular activities as proposed by the donor(s) do not represent any commitment on the part of the Agency to continue these activities in case contributions should cease.

(iii) The Lebanon Emergency Fund, established in 1987, is for the funding of extra-regular activities in Lebanon in order to alleviate the hardship imposed on Palestine refugees due to the camp wars and the general civil unrest prevailing throughout this area of operations.

(iv) The Extraordinary Measures in the Occupied Territory Fund was established in 1988 for the funding of extra-regular activities in the occupied territory to alleviate the hardship of the Palestine refugees due to the civil unrest prevailing in these areas of operations.

(v) The Expanded Programme of Assistance in the Occupied Territory was established in 1988 to improve the infrastructure for the Palestinian refugees.

(vi) The Area Staff Provident Fund was set up to provide a retirement fund for area staff members on their separation. Contributions to this fund are made both by the Agency and by the area staff members themselves.

A contribution that has been accepted and donated for a particular purpose and thus attributed to a specific project fund or to the Lebanon Emergency Fund or to the Extraordinary Measures in the Occupied Territory cannot be transferred to any other fund without the donor's consent. Neither can the Provident Fund nor any part of it be used for any other purpose than the one for which the Fund was established.

However, contributions to the General Fund which are received, without restrictions regarding their use, can - if the financial situation so permits and the Commissioner-General deems it appropriate - be used to fund such projects for which special donations are sought but not found. In such cases, part of the contributions to the General Fund can be reallocated to Project Funds. The Agency's system of fund accounting provides a full identification of income and expenditure by purpose and the complete separation of the assets and liabilities of each fund. Contributions or allocations to Project Funds are attributed to individual funds which are kept as distinct financial and accounting entities with separate double-entry groups of accounts. Separate financial statements are prepared for these funds.

(b) The Agency's income and assets arising from contributions are recognized on the cash basis of accounting. This represents 95 per cent of the Agency's total income. However, income arising from miscellaneous sources, that is, bank interest, exchange rate gains and other miscellaneous income are recognized on the accrual basis of accounting. The Agency's expenditure and liabilities are recognized on the accrual basis of accounting. This is in line with the Agency's policy of basing its accounts on the premise of a going concern and on the principle of prudence.

(c) The financial period of the Agency is the calendar year.

(d) The accounts of the Agency are maintained in United States dollars. Transactions in other currencies are translated into United States dollars at the time of the transaction at the United Nations operational rates of exchange. At the end of the financial period, assets and liabilities not in United States dollars are reflected in United States dollars at the then applicable United Nations rates of exchange. Gains or losses on exchange of currencies are treated as an addition to or deduction from income.

(e) Costs for the purchases of all kinds of supplies are immediately charged to expenditure at the time the goods are received and paid for. As a consequence, stocks or inventories are not included as assets in any of the Agency's funds. (However, an exception is made for the production units, the reason for which is explained below). Although the Agency's stocks and inventories are not treated as assets stock records and a strict inventory control are maintained. The approximate value of the Agency's stocks and inventories based on the historical procurement costs as at 31 December 1989 amounted to $22.5 million.

(f) The Agency has four production units which are all meant to be self-supporting: The Printing Unit is located at Beirut, while the Embroidery Centre, the Carpentry Unit and the Bakery are all at Gaza. Up to and including 1987, these units were part of the General Fund. As of 1988, they have been set up as separate projects to be governed by a new set of instructions (budget technical instruction No. 14), which will enable management better to control these units and assess their performance. For such assessment, the recording of stocks on hand is indispensable. Therefore, as an exception to the Agency's accounting policies, stocks appear as assets in the accounts of the production units. The value of such stocks is approximately 1 per cent of the total stockholdings of the Agency.

In 1989, expenditure for the production and self-support units were charged to operational services. Prior to 1989, those costs were charged to common services. It was felt that, because of the nature of the services given by these Units, it was more correct to record the expenditure in this manner.

(g) Provision for staff separation and repatriation costs

A provision is made in the annual budget for separation and repatriation payments to staff members who will leave the Agency during the year. Reserves have not been established for separation and repatriation for future years, as such payments would be expected to be met from future income and operating reserves.

General Fund

Note 2. Accounts receivable (statement III)

Accounts receivable reported in statement III do not include claims against Governments amounting to $11,231,035 in respect of damages to Agency property, as these are not considered true receivables. They are in the nature of memorandum accounts. The collection of these claims is considered doubtful and a provision of 100 per cent for uncollectable amounts has been set up against these claims.

Note 3. Reserve for unliquidated obligations (statement III)

The reserve for unliquidated obligations is a reserve of funds for budgeted items for which a purchase order or a contract has been issued not later than at the year-end, but for which the goods or services have not yet been received.

These items, which have been charged to the current year's or prior year's expenditure, comprise:

	United States dollars
In current year	3 121 677
In prior years	638 757
	3 760 434

This reserve will be liquidated as and when disbursements are made.

Note 4. Reserve for goods-in-transit (statement III)

The reserve for goods in transit is a reserve for purchase orders raised prior to the year end and the related goods have not been dispatched. In 1988, such items were included in accounts payable.

Note 5. Reserve for carry-forwards (statement III)

The reserve for carry-forwards is a reserve for those items for which justification has been given to be charged to current year's expenditure. In 1988, such items were included in the reserve for unliquidated obligations.

Note 6. Contingent liabilities

The Agency may have contingent liabilities of a material but undeterminable amount in respect of certain claims for subsidies by Governments. In addition, in connection with a dispute with a supplier, which is still unresolved, there is a contingent liability to the extent of $225,000.

Note 7. Fixed assets

(a) Fixed Assets are not reported in statement III (Assets and liabilities). They are summarized below at original cost values:

	United States dollars
Vehicles (excluding those surveyed but not yet disposed)	11 551 683
Other equipment	18 008 566
Land owned by UNRWA	51 248
Buildings on land owned by UNRWA	422 031
	30 033 528

(b) The Agency has only the right of current occupancy of buildings (schools, training centres, ration distribution centres, clinics, warehouses and other installations) constructed by it on land owned by Governments or leased from private owners. The total cost of construction of such buildings (including the cost of financing purchase of land by local governments in certain cases and of compensation to private landowners of leased land) to 31 December 1989 is $70,131,414.

(c) The Agency has also constructed refugee shelters at a total cost of $11,662,204 on land owned by Governments or by individuals. The legal status of these shelters is uncertain.

Area Staff Provident Fund

Note 8. Continuing participants' and retirees' credits (statement XXI)

(a) The continuing participants' credits and the retirees' credits in currencies other than United States dollars include exchange rate adjustments for the year ended 31 December 1989. Details of those adjustments are as follows:

		United States dollars
Jordanian dinars:	Plus 40.2 per cent - JD 30,530,956 at 0.670	45 568 592.00
Austrian schillings:	Minus 5.2 per cent - S 11,454,467 at 11.90	962 560.00

(b) A small credit balance of $59,848 remains in the exchange rate adjustments' account.

(c) In May 1989, the credits of West Bank staff members were converted from Jordanian dinar to United States dollars.

Note 9. Investments and investment income (statement XIX and schedule 14)

(a) The assets of the Fund are substantially placed with professional managers for investment. These investments are valued at cost or market value, whichever is lower. Based on this principle, two portfolios are valued at cost and the remaining two are valued at market value. This results in valuation of $499,704,482. However, all the investment managers base their valuations on market value which, at 31 December 1989, was $503,812,597.

(b) Because of the difference in valuation as well as the different accounting treatment of accrued management fees the investment figures at year-end differ from the figures indicated by the investment managers in their annual reports. For similar reasons, investment yields of the portfolio on schedule 14 differ from the yields reported by the investment managers.

(c) The loan scheme, which enables Provident Fund participants to borrow money from the Fund, is another form of investment. The interest rate applied to the loans includes 1 per cent, to cover the costs of administering the scheme. The costs this year amounted to $8,486.

(d) Since the end of the financial year, the world bond markets have displayed a significant decrease in bond values. As at 31 March 1990, this has resulted in a decrease from 31 December 1990 of $8.5 million in the value of the Provident Fund portfolio.

Note 10. Contributions and funding (statement XXI and schedule 14)

Net funding provided to the investment managers and to the loan scheme was $133,523,618. This figure essentially represents the difference between total Agency and participants' contributions received and payments made by the Agency on behalf of the Provident Fund. The interrelationship of the above figures can be seen from the following computation:

	United States dollars
Contributions during the year	31 269 537
Deduct:	
Withdrawals less transfers, lump sums and reinstatements	4 162 097
	27 107 440
Add:	
Underfunding by the General Fund as at 1 January 1989	875
	27 108 315
Less:	
Payments made from the General Fund during the year	13 625 000
Less:	
Net funding to the investment managers and loan scheme from the General Fund during the year	13 523 618
	13 483 315
Underfunding by the General Fund as at 31 December 1989	40 303

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